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Haig Vows Full U.S. Support of El Salvador

By Bernard Gwertzman

WASHINGTON — Secretary of State Alexander M. Haig Jr. said Tuesday that in cooperation with its friends and allies in Latin America, the United States would do "whatever is necessary" to prevent the overthrow of the El Salvador government by guerrillas who he said were backed by Cuba and Nicaragua.

Under questioning by the Senate Foreign Relations Committee, Mr. Haig refused again to say whether the administration was contemplating the use of its own military force to aid the government of President José Napoleon Duarte.

Since the Reagan administration became concerned over the El Salvador issue a year ago, Mr. Haig has, in the absence of any firm decision, consistently left open the possibility of some form of U.S. military action in the region. Officials have said this was deliberate and intended to keep the Soviet Union, and Cuba and Nicaragua on their toes.

"I am not about to lay out a litany of actions that may or may not take place," he said in answer to Sen. Christopher J. Dodd, Democrat of Connecticut, a critic of administration policy. "We are considering a whole range of options — political, economic and security — in response to Cuban intervention in this hemisphere."

After a reporter asked him whether the introduction of U.S. combat troops was one of the possibilities, Mr. Haig, taking note of President Reagan's having earlier ruled out such a development, said, "I think the president has made it very clear that he has very strong reservations about such a step except in extreme, but as a general response to your question, we have not ruled out anything and we're not going to, a priori, in a very dynamic, on-going situation."

The Salvador situation has again begun to attract attention, now that the administration has decided that the human rights situation there does not warrant suspending aid and, in fact, said that it intends to increase military and economic assistance to the Duarte government.

In a hearing by the House Foreign Affairs Subcommittee on Latin American Affairs Tuesday, Thomas O. Enders, the assistant secretary of state for Inter-American affairs, defended under hostile questioning the administration's decision to certify El Salvador as still eligible for aid despite what he called a "troubled" human rights situation there.

Summing up the administration's concerns about a Communist-backed takeover in El Salvador, Mr. Enders said, "There is no mistaking that the decisive battle for Central America is under way in El Salvador."

"If after Nicaragua, El Salvador is captured by a violent minority, who in Central America would not live in fear," Mr. Enders asked. "How long would it be before major strategic U.S. interests — the Panama Canal, sea lanes, oil supplies — were at risk?"

'Hard Position'

Under questioning from the chairman of the Foreign Relations Committee, Charles H. Percy Jr., Republican of Illinois, Mr. Haig defended the administration's decision to pay U.S. banks \$71.3 million that were owed by Poland for agricultural imports without declaring the Warsaw government in default.

Asserting that Mr. Reagan had personally approved the move, Mr. Haig said this was the "hard position," the more rigid position, rather than one that would "obviate" (Continued on Page 2, Col. 1)



Guerrillas halted a bus for a search at the entrance to Usulután during the attack on the Salvadoran provincial city.

Salvador Rebels Attack Government Garrison

By Christopher Dickey

WASHINGTON Post Service
SAN SALVADOR — A large force of leftist guerrillas attacked the Salvadoran government's garrison at the major provincial capital of Usulután and sustained the assault for eight hours before pulling back, witnesses said.

The attack Tuesday was the guerrillas' first such daylight assault on a city the size of Usulután, which has about 25,000 inhabitants and is the country's fourth largest city.

The attack, as well as assaults on several smaller towns to the northeast, began Monday and apparently constituted the significant increase in activity promised recently by the insurgents. The attacks may also be intended to test the response capability of the Salvadoran Army since five of its vital 14 U.S.-supplied helicopters, as well as at least 10 other transport aircraft, were damaged in a guerrilla raid last week.

In Washington on Monday, the Reagan administration announced that it is sending \$55 million in emergency military aid to El Salvador. Assistant Secretary of State Thomas O. Enders told congressmen that to withhold aid now would mean "probable victory" by the guerrillas.

There was no immediate military comment on the Usulután fighting nor an estimate of casualties. Persons who traveled there, about 75 miles (120 kilometers) to the southeast of San Salvador, reported seeing one dead policeman and three wounded soldiers.

The number of guerrilla attackers was not known, although the intensity of the assault, made with automatic rifles and rocket-propelled grenades, indicated a force of substantial size.

Following the Jan. 27 raid on the helicopters, only three of the craft are believed to be operational. None was seen in the area of Usulután, the witnesses said. Late Tuesday afternoon at least one UH-1H helicopter was observed landing in the capital at the field frequently used to receive wounded soldiers.

On Monday night, the guerrillas fighting to overthrow the U.S.-

backed military-civilian junta here announced over their clandestine radio that they would step up their military activity very soon both in the capital and elsewhere.

Leaders of the guerrilla coalition known as the Farabundo Martí National Liberation Front have said in recent months that they would not try to launch another offensive on the scale of the "final" one that failed a year ago when coordinated attacks were launched against garrisons in virtually all parts of the country.

At that time, before the United States began sending lethal military assistance to the government, not one garrison fell.

This time the guerrillas have said they will steadily increase their pressure on the army, especially with the approach of elections scheduled for March 28 for a constituent assembly.

Government counteroffensives — the most recent one in December in Morazan province — have made little headway against the insurgents. When the Morazan offensive ended, the guerrillas immediately started knocking out military emplacements one by one in small villages to give themselves freer access on the approaches to major towns.

On Monday, such attacks occurred at the Morazan village of Corinto and Nueva Trinidad in the department of Chalatenango. Corinto reportedly is still in guerrilla hands and several members of government uniformed and paramilitary forces are reported dead in both attacks.

In Usulután, the city center was shut down at midday and appeared almost deserted, said news photographers able to make their way close to the fighting.

150 Reported Killed

NUEVA TRINIDAD, El Salvador (Reuters) — Salvadoran Army sources said that 150 persons were killed when the leftist guerrillas attacked this town near the Honduran border.

It was the biggest guerrilla attack for several weeks and followed radio appeals by the guerrillas to workers and peasants to rise against the ruling junta.

After a daylong battle, about 200 government troops pushed the guerrillas out.



Salvadoran squad leader signaling his troops toward suspected guerrilla positions during the insurgents' attack on Usulután.

Brezhnev Calls for Cuts In Medium-Range Arms

By John F. Burns

New York Times Service
MOSCOW — President Leonid I. Brezhnev, calling for "denouements" and not "linkages" in Soviet-American relations, proposed Wednesday that the two sides agree at negotiations in Geneva to a reduction by 1990 of at least two-thirds in their arsenals of medium-range nuclear weapons.

The proposal, the most radical of several Mr. Brezhnev has made on medium-range arms, was an elaboration of one he put forward in a November visit to West Germany.

His offer on that occasion to cut the Soviet arsenal by "hundreds of units" if the United States would do the same was rejected in Washington on the ground that equal cuts would leave the Soviet Union with a massive preponderance in the medium-range category.

Mr. Brezhnev coupled his latest proposal with one of his harshest attacks on the Reagan administration. He said the United States was avoiding serious negotiations on medium-range weapons in Geneva and using "various far-fetched pretexts" to put off the resumption of strategic arms talks.

Mr. Brezhnev, speaking at a Kremlin reception for a group from the Socialist International, spoke of "the dangerous consequences" the present policy of the U.S.A., its main force, may have for the cause of world peace.

He added: "Never before, since the end of World War II, has the situation been so serious."

The proposal for a two-thirds cut in medium-range weapons apparently had already been put before U.S. negotiators in Geneva, where Soviet-American talks on medium-range weapons opened two months ago.

In making it public, Mr. Brezhnev appeared to be making a fresh bid to sway public opinion in Western Europe, where there has been strong opposition to a plan by the Western alliance to deploy a new generation of U.S.-medium-range missiles beginning next year. The U.S. and its NATO allies have argued that the new missiles are needed to offset Soviet deployment of a new missile of its own.

In addition, Mr. Brezhnev appeared to be responding to the position taken by Secretary of State Alexander M. Haig Jr. when he met in Geneva last week with Foreign Minister Andrei A. Gromyko.

In line with the administration's belief in "linkage," a policy that keys progress in negotiations on one area to Soviet behavior in others, Mr. Haig retreated from an

earlier understanding and declined to use the Geneva meeting to set a date for the resumption of strategic arms talks.

The reason given for the U.S. decision was the situation in Poland, for which the administration has held the Kremlin responsible. There was no mention of Poland in the summary of Mr. Brezhnev's remarks released by the official press agency Tass. But Mr. Brezhnev was quoted as calling the Reagan administration's approach to arms issues "an irresponsible, adventurist play with the destinies of mankind," and as hitting out in particular at linkage.

"Diplomacy requires 'denouements' and not 'linkages,'" he said. "The tangled knot of conflict situations and disputed problems in the present world cannot be cut by any sword. The only way is the way of patient, constructive talks, talks ensuring a real reduction and destruction of arms."

He contrasted U.S. policy with the Soviet Union's, which he said placed peace ahead of all other objectives, and he called for closer consultation between the Kremlin and the Socialist International, a

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Deployment of SS-20 Is Reportedly Halted

By John Vinocur

New York Times Service
BONN — A West German parliamentarian said Wednesday that a member of the Central Committee of the Soviet Communist Party has told him that the Soviet Union has halted deployment of SS-20 missiles targeted on Western Europe.

Ottmar Schreiner, a Social Democrat, said the assertion was made in Moscow last week by Vadim V. Zagladin, first deputy chief of the international department of the Central Committee. Mr. Schreiner was in the Soviet capital with a delegation from the Social Democratic Party's youth organization, which stands far to the left of the policies of Chancellor Helmut Schmidt.

Speaking at a news conference and then privately with a reporter, Mr. Schreiner reported that Mr. Zagladin said deployment had stopped a couple of weeks ago. No mention of such a step was contained Wednesday in a statement in Moscow by Leonid I. Brezhnev, the Soviet leader, who accused the United States of failing to negotiate seriously in talks in Geneva on reduction of intermediate-range missiles such as the SS-20.

Calls for Moratorium

The Soviet leader has frequently called for a moratorium on further missile deployment, a step that has been described as meaningless in the West because it would only freeze a situation in which the U.S. Cruise and Pershing-2 missiles, meant to counteract the Soviet SS-20s, are scheduled for de-

ployment at the end of 1983. The Soviet Union is believed to have deployed more than 200 SS-20s.

West Germany is a prime target of Soviet attempts to block the deployment, and major segments of the Social Democratic Party have recommended that NATO accept the Soviet moratorium proposals. For some parts of West German public opinion, a halt in Soviet deployment of SS-20s would be interpreted as a signal of its "good will," which was the analysis made by Mr. Schreiner.

When he asked Mr. Zagladin how long the deployment halt would continue, Mr. Schreiner said, the official replied: "We can't say how long. For an unspecified time."

"He was very vague," the parliamentarian recalled. "He said it will be dependent on NATO's steps."

Answering a reporter's question, Mr. Schreiner said he had not considered asking Mr. Zagladin if the deployment program for the SS-20s had reached an end or whether the purely technical fact of having no more missiles to bring into service was perhaps being offered as a political gesture.

Mr. Schreiner was accompanied to Moscow by Willy Pieczyk, chairman of the young Socialist group, which organized a demonstration against U.S. Secretary of State Alexander M. Haig Jr. during a visit to West Berlin in September. The parliamentarian said Mr. Zagladin and Valentin M. Falin, first deputy chief of the Central Committee's international information department, told them the United States had shown no serious desire to achieve results in the Geneva talks.

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Reagan Is Reported to Increase Military Spending Plan

By Richard Hallock

New York Times Service
WASHINGTON — Secretary of Defense Caspar W. Weinberger has informed Congress that the Reagan administration plans to ask for a 1983 military budget of nearly \$260 billion in appropriations, about \$10 billion more than previously planned, according to administration and congressional officials.

Mr. Weinberger, in a closed session before the Senate Armed Services Committee Tuesday, also said the administration planned for actual military spending in the fiscal year starting next October to total about \$216 billion, which was expected.

The officials, who declined to be identified, said the increase in military appropriations was to be requested next week came from a more realistic assessment of inflation.

They also said that an expansion of what is known as multi-year procurement had added to the request for budget authority, or appropriations. Under such contracts, the government orders weapons in large batches and must have the authority to commit funds. The outlays would come in later years. Thus, the Pentagon's

appropriations budget traditionally exceeds its spending budget.

Officials said there was little new in the strategy outlined by Mr. Weinberger. "There wasn't anything rip-roaring," said a congressional official. The session was held in tight secrecy so that Mr. Weinberger, who was to leave later this week on a 10-day trip to the Middle East, would not upstage

President Reagan. The president plans to send the entire federal budget to Congress next Monday.

Tough opposition is expected when the military budget proposal is debated in Congress. The \$260-billion figure represents a jump from the \$200 billion appropriated for the current fiscal year and comes when the Reagan administration

(Continued on Page 2, Col. 5)

Poland Says 760 Aides Ousted Since Martial Law Imposed

The Associated Press

WARSAW — The Polish news agency PAP said Wednesday that about 760 Polish officials have been ousted from their posts since martial law was declared on Dec. 13.

And a director of the Polish national airline LOT, Bronislaw Klimaszewski, who was at the center of a controversy over worker self-management last July, lost his post, airline officials confirmed Wednesday.

An official of the airline, who

asked not be identified, said that Mr. Klimaszewski was no longer a director. He refused to elaborate.

Sources said Mr. Klimaszewski, U.S. weighing the risks, is said to pull punch on Poland debt. Page 2.

pulously and brazenly trying to use young people to attain much broader political objectives, such as... a change in the political system in Poland."

Government spokesman Jerzy Urban told a news conference that an estimated 3,000 young people were involved in the riots and that police in Gdansk used tear gas and water cannon to disperse them.

PAP said the 760 officials ousted from office included six provincial governors, 14 deputy gover-

nors and 160 mayors or commune heads.

A process of "verification" was started after imposition of martial law to determine loyalty to the Communist Party and state. PAP gave no reason for the ousters, but in many cases governors have been replaced by military officers.

The PAP article also said the martial law council, Communist Party and government officials are reviewing a revision of governmental employment policy along army lines. It did not elaborate.

Meanwhile, Poland's Roman Catholic priests prayed at services across the nation for restoration of civil rights suspended by the imposition of martial law. The clergy also prayed for those who "help and deliver aid" to Poland at Candelmas services Tuesday commemorating the purification of the Virgin Mary.

Reports reached Warsaw of passive protests in southwest Poland last Friday against the increases in food prices that had gone into effect.

Informed sources said workers in three factories in Wrocław, Poland's fourth largest city, either pretended to work and did not, or stopped work. Seventy percent of the workers at a gas works were reported to have taken part in such a protest, and 20 percent reportedly did so at a factory.

The sources also reported that two Wrocław women were arrested for observing a minute of silence against martial law, and that some workers had thrown protest leaflets from a rooftop.

Increases of up to 400 percent in the prices of staple foods took effect, but there have been no reports of trouble.

[Some sectors of Polish industry

Schmidt Asks First Confidence Vote In Decade for Coalition Jobs Plan

By John Vinocur

BONN — Chancellor Helmut Schmidt, who has threatened to resign if he fails to receive support for a new program of employment stimulus, called on parliament Wednesday for a vote of confidence, the first in West Germany since 1972.

The chancellor announced that he would tie the future of his government to the vote on Friday as he made public a \$5.3-billion plan aimed at developing investment and jobs over the next four years.

"My purpose," he said, "is wanting above all to make it clear outside the parties and parliament that this government is based on a safe majority."

Members of Mr. Schmidt's Social Democratic parliamentary group, including the party whip, Herbert Wehner, said they had no

doubt that Mr. Schmidt would win the vote. But the chancellor's action contained the risk that abstentions or absences among left-wing members of his party — and among dissatisfied parliamentarians of the coalition's junior partner, the Free Democrats — would leave a narrow margin of victory and deep embarrassment.

Absolute Majority Needed

For the motion of confidence to carry, Mr. Schmidt must receive 249 votes, or an absolute majority of the members of the Bundestag, the lower house of parliament. The coalition has 269 seats in the Bundestag, 216 of them occupied by Social Democrats and 53 by Free Democrats.

If Mr. Schmidt were to fail to win a majority, he could ask the federal president to dissolve parliament within 21 days. The body could, however, elect a new chan-

cellor by a majority vote in the interim.

Although the vote relates to the package of economic stimulants, Mr. Schmidt's purpose seems to be aimed at winning a broad statement of support at a time when he has been attacked from the left. The criticisms have been aimed not only at the government's seeming inability to improve the economic situation, but also at issues relating to security matters. In particular the chancellor's support of NATO's decision to deploy intermediate-range nuclear missiles in West Germany at the end of 1983.

Mr. Schmidt threatened to resign last May if his party did not give full support to the NATO program. Last week, during a series of tough negotiations with the Free Democrats on the economic package, Mr. Wehner disclosed that the

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West German Chancellor Helmut Schmidt, right, with Foreign Minister Hans-Dietrich Genscher, discussed a government plan to combat unemployment at a news conference Wednesday.

INSIDE

Saturn's Moons

In Pasadena, scientists at the announced the discovery of at least four — and perhaps six — new moons around the planet Saturn. Page 3.

Policy Leaks

The Reagan administration has retreated from its short-lived effort to police contacts between officials and reporters but has instituted a system designed to make it easier to identify officials who leak information to reporters. Page 3.

Opium Village

In northern Thailand, the remote village headquarters of alleged opium warlord Ching Chee-fu had every comfort that the impoverished hamlets nearby did not — including 15 tons of ammunition. There almost 1,000 Thai border patrol police attacked. Page 2.

U.S., Weighing Risks to Alliance, Said to Pull Punch on Poland Debt

By Leslie H. Gelb

WASHINGTON — The Reagan administration at times seems to be at war with its own self-image of toughness in foreign affairs. One result is that officials sometimes have to defend decisions that do not measure up to their strong statements.

The most recent case is the administration's decision to pay U.S. banks \$71 million they are owed by Poland and sidestep declaring Poland in default.

As a symbol of toughness, officials say, there was nothing more they would like to have done than to have declared Poland in default. But from a practical standpoint, they say, there were too many risks and uncertainties for the Western alliance and economic system.

The administration has decided that a formal declaration of default would be self-defeating. Administration officials say that their rationale was that the Western banking system might be hurt as much or even more than Poland by taking such an action. Poland might be driven further into Soviet hands. Western Europe would be up in arms. Better for now for the U.S. taxpayer to pick up the tab than engage in gestures. Better for now to risk the wrath of some conservatives in America.

Closing Ranks

Now that the decision has been disclosed publicly, administration officials have closed ranks and they describe it as tough and realistic. But they are also saying that the story is far from over.

Secretary of State Alexander M. Haig Jr. told a Senate committee Tuesday that President Reagan's decision was the "final position, the more rigid position."

"The facts are that the action he took will require the Soviet Union to make the money good," Mr. Haig said. "Had we called default,

they would have been relieved of that burden."

Before the issue came to the point of decision, default had been seen as a touchstone of toughness, and key administration officials, above all, had not wanted to appear weak to Moscow and conservatives at home. As a high adminis-

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tration official put it, "We keep giving signals about being willing to go to the brink and then backing away."

But last week, when they were faced with a specific problem, representatives of every department involved except the Pentagon were most impressed with practicalities and not symbolic gestures. And they said they quickly decided that the practical steps were the tough ones as well.

Unable to Pay

Mr. Reagan's advisers all agreed that Poland could not pay its debts. If default were declared, officials said, Poland would not have to pay. If the debts were assumed by the United States, specifically the Agriculture Department, there might be some chance of getting some money from Poland in the future, although no one was very hopeful about this.

The participants all were said to have quickly agreed that the key question was how a default declaration would affect the international monetary system. They said they consulted West European leaders and bankers in the United States and Europe. All were said to have strongly opposed the default declaration. They were said to fear that it would trigger other default declarations against Poland, particularly in West Germany, which has a much larger stake than U.S. banks. If this happened, no one was sure where it might end.

The participants said they were not necessarily convinced that all this would transpire, but they recognized that the situation was tricky and full of imponderables, and they were under a great deal of pressure from the banking community and the allies to refrain from declaring a default.

The officials were also said to have recognized that if they were to recommend sidestepping the default procedure they would have to act quickly before counterpressures for a default might build in the United States.

Rallies for Poland

Rallies were being held around the country that week to show support for Solidarity, the Polish labor movement, and many prominent speakers were advocating declaring default. Thus, the Reagan advisers decided that the Agriculture Department would adopt an emergency regulation that would allow for paying the banks without declaring default. As permitted, this was done without public notification.

To the extent they had any hold over Poland, the advisers were said to have agreed that it stemmed from the general credit squeeze that they had already set in motion. The United States and its NATO allies have already called off negotiations with Poland on rescheduling its 1982 debt.

This, they agreed, was already drying up the flow of credit and in a way was allowing the banking system to adjust slowly. And to the extent that the United States had any real economic leverage over Poland, they said they thought that this was the way to manage it.

Also, the officials taking part in the deliberations were said to have agreed that the crisis was a continuing one. More would have to be done later, it was argued, and the president needed something, such as holding default in reserve for the next time.



President and Mrs. Reagan greeted President Hosni Mubarak and his wife Wednesday at the White House. It was Mr. Mubarak's first visit to Washington since Sadat's assassination last fall.

Solution for Palestinians Is the Key To Peace, Mubarak Tells Reagan

International Herald Tribune

WASHINGTON — President Reagan and Egyptian President Hosni Mubarak met for 90 minutes Wednesday morning after mutual pledges to intensify efforts to win a lasting Middle East peace.

While both leaders reaffirmed the good relations between the two countries, Mr. Mubarak came right to the point he wished to make, declaring that the "key to peace" is to settle the problem of self-determination for the 1.3 million Palestinians living in the Israeli-occupied West Bank and Gaza Strip.

Such a solution must be "based on mutual recognition and acceptance," he said.

At a White House arrival ceremony, held indoors on a rainy day, Mr. Mubarak told the U.S. president, "The Palestinians need your help and your understanding." He added that they "have an inherent right to exist and function as a na-

tional entity free from domination and fear."

"The exercise of the right to self-determination cannot be denied to them. In fact, it is the best guarantee for Israel's security. This is a lesson of history and the course of the future," he said.

The Israeli government has opposed any result of the autonomy talks that could bring about a Palestinian state, which it calls a threat to Israel's security. Egypt, however, holds that such an outcome should not be ruled out in advance. U.S. officials do not expect any breakthrough on autonomy soon.

In their remarks preceding a half-hour private meeting, which was followed by an hour-long conference including their advisers, the two leaders agreed that the search for peace should be intensified. "Without setting deadlines, I personally believe the time has

come to get on with the task before us, and the sooner the better," Mr. Reagan said.

The Egyptian president said the two nations "must redouble our efforts" to establish a "just and comprehensive peace."

Mr. Mubarak, who arrived Tuesday for a four-day official visit, met later with Secretary of State Alexander M. Haig Jr. The Egyptian leader was to be honored at a formal White House dinner Wednesday. He is also scheduled to meet with Defense Secretary Caspar W. Weinberger and Treasury Secretary Donald T. Regan.

At the arrival ceremony, Mr. Reagan, referring to the two countries' relations since the assassination of Egyptian President Anwar Sadat last October, told Mr. Mubarak his visit demonstrates that the good relations between the United States and Egypt are "more than a compact between individuals; it's a commitment between nations."

WORLD NEWS BRIEFS

Belgium Unveils Moves for Economy

Reuters

BRUSSELS — The Belgian government on Wednesday announced its first measures to stimulate the economy under special powers granted by Parliament on Tuesday. The moves, which included cuts in some taxes and measures to boost employment, did not require parliamentary approval.

Willy de Clercq, the finance minister, said taxes on construction work and on new house purchases would be cut from 17 percent to 6 percent until the end of next year. This was to aid the building industry and to ease an unemployment rate of 12.9 percent, the highest in the 10-member European Economic Community.

Young people setting themselves up as independent or self-employed workers would be given three years of simplified income tax procedures, the government announced. Measures to help people wishing to take part-time jobs were also unveiled.

Bomb Found Near Irish Border

United Press International

BELFAST — Army bomb disposal experts tried to dismantle a 600-pound bomb Wednesday on a roadside near the Irish Republic border. Five hundred residents were evacuated.

The explosives, packed in dairy cans, were found Tuesday at Cam-lough, 8 miles (12.8 kilometers) from the border, a police spokesman said. The families were kept out of their homes overnight. The spokesman said the operation probably would last all day.

Police on Tuesday unearthed a large arms cache at a suspected terrorist hideout in Londonderry, the latest in a series of border raids that have uncovered large arsenals.

U.K. Rail Engineers Strike Again

United Press International

LONDON — Train engineers pursuing a pay claim began another 2-day stoppage Wednesday, while their union leaders spurned an invitation to take part in a committee of inquiry set up to mediate in the dispute.

The engineers, in a move intended to compound the chaos sown by four weeks of sporadic strikes, also announced that next week's midweek walkouts would be on Tuesday and Thursday instead of Wednesday and Thursday.

Staggering the days of the midweek stoppages will make it even more difficult for British Rail to maintain services on nonstrike days, particularly for overnight freight trains. The ban by the engineers on voluntary overtime and Sunday work is also to continue.

Pentecostalist Cites Soviet Threat

Reuters

MOSCOW — A Soviet Pentecostalist who ended a monthlong hunger strike after she was moved from the U.S. Embassy to a Moscow hospital indicated Wednesday that she gave up the protest because she was told she would be forced to follow members of the fundamentalist Christian sect who took refuge with her in the embassy more than three years ago.

Lydia Vashchenko quoted a Soviet doctor as telling her: "If you don't want to eat, we will feed you with a tube down your throat. We don't want to, but we will."

Miss Vashchenko, 32, was taken from the embassy Saturday after her health began to fail. Her 52-year-old mother, Augustina, is still on hunger strike at the embassy in support of the group's demand for permission to emigrate from the Soviet Union.

Basque Sentenced for Killing Officers

The Associated Press

MADRID — A member of a commando of the Basque separatist organization ETA, Isidro Echave Urrestilla, was sentenced to 70 years in prison Wednesday on charges of assassinating an army general and his aide in Madrid in 1978.

The sentence said Mr. Urrestilla, 25, and two men, who were not tried, came to Madrid from France and shot and killed Brig. Gen. Juan Manuel Sanchez Ramos as he got into his car outside his home, July 21, 1978. The general's aide, Lt. Col. José Antonio Pastor Rodriguez, was also killed in the attack. The three members of the command then fled and returned to France.

Schmidt Unveils Jobs Plan, Calls for Vote of Confidence

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chancellor had again threatened to quit.

On Wednesday, Mr. Schmidt told members of his party that both West Germany's NATO partners and Moscow needed a clear signal concerning the coalition's stability.

The last time a vote of confidence took place was in September, 1972, when former Chancellor Willy Brandt used it deliberately to dissolve parliament. Mr. Brandt's aim, which he achieved, was to increase his parliamentary majority in subsequent national elections.

Mr. Schmidt's program was announced as the federal labor office reported that the unemployment rate had risen to 8.2 percent last month, the highest figure in 27 years. The rate of increase here since September is the greatest of all 10 European Economic Community nations.

Economic prospects for this year are slightly improved. The government is predicting a growth rate of 1.5 percent. But a statement accompanying the new economic program said, "It cannot be expected that there will be strong upward movement soon in the entire economy."

The main element of the government's program concerns companies that promise to invest more than they have on average over the past three years. These companies will receive a bonus of 10 percent of the value of any new investment made during the year.

The government will also boost its spending by 1985 on federal housing and public utilities, will create funds to give credits to small businesses and will reform laws to accelerate construction of homes and apartment buildings.

Mr. Schmidt, who said he hoped the program will produce investments worth \$17.1 billion, also indicated that there would be measures to reduce unemployment among young people and to increase the possibility of workers seeking retirement at an earlier age.

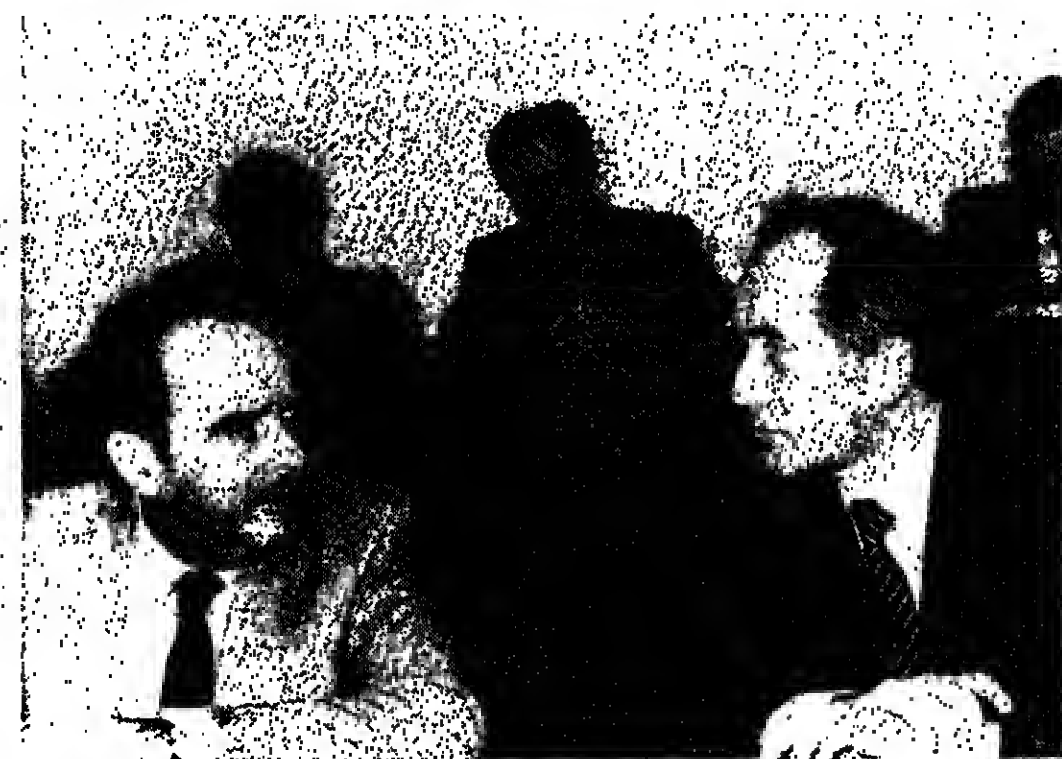
The program is to be paid for by raising the value added tax, a levy on goods and services, from 13 to 14 percent as of July 1, 1983.

Although Mr. Schmidt was initially afraid the program might prove to be inflationary, pressure on him grew from the labor union, that provide the basic support for the Social Democratic Party.

Mr. Schmidt then appeared in a more costly program that would have been financed by new taxes on income and gasoline.

The Free Democrats refused it, higher taxes, seemingly with an eye on their voters who generally come from the professional and middle classes.

The eventual compromise involved turning away from a broad tax increase, scaling down the program itself, and agreement by the Free Democrats to accept the value-added tax increase, a measure they had originally refused.



French Communist leader Georges Marchais, left, opened the 24th congress of the party in a Paris suburb on Wednesday. Seated next to him is Charles Fiterman, the transport minister.

Marchais Says French Communism Now Rejects Models From Abroad

By Robert Evans

PARIS — French Communist leader Georges Marchais, accused by critics of swinging back into the Soviet orbit, Wednesday affirmed his party's complete independence from Moscow despite support for martial law in Poland.

In a speech opening the party's 24th congress in the Paris suburb of St. Ouen, Mr. Marchais also identified it with the Eurocommunism espoused by the Italian and Spanish parties and often condemned by the Kremlin.

He also called for a broad program of nationalization in key sectors of the economy without specifying which industries he wanted under government control. He said that in order to achieve growth and a higher standard of living, "the major means of production and exchange must become the property of society."

But he added that the Communists were not seeking state control of the entire economy.

The 61-year-old general secretary, who Communist sources said was certain to be re-elected on

Sunday despite growing criticism of his leadership, insisted that the party aimed to build "socialism in the colors of France."

Russia Rarely Mentioned

Although he rarely mentioned the Soviet Union directly during his six-hour speech, political analysts said his formulation of the party's vision of the future was clearly intended to suggest rejection of Moscow-style Communism. The congress, with about 2,000 delegates and dozens of foreign guests, including Soviet Politburo member Konstantin Chernenko, is the first major gathering of the party since serious electoral setbacks last spring.

Mr. Marchais said the results of the elections, which brought the Socialists to power under President Francois Mitterrand, came as no surprise because overall Communist voting strength had been dropping since the mid-1950s.

One of the reasons for the decline, he told delegates, was the party's failure until 1976 to produce a concrete program showing its dedication to specific French traditions of freedom and human rights.

The thrust of Mr. Marchais' message, Communist sources said, was that the party had lost much support because it had not been able earlier to convincingly refute opponents who argued it sought to install a Soviet system in France.

In his speech Wednesday, the

party leader said French Communists now rejected "the dogmatism of models" from outside for the type of society they wanted to build.

Ceausescu, Italian Communist Meet

VIENNA (Reuters) — East bloc maverick Romania has reaffirmed its close ties with the Italian Communist Party, which is engaged in an ideological row with Moscow over events in Poland.

Romanian leader Nicolae Ceausescu on Tuesday received Giancarlo Pajetta, a member of the Italian party leadership, and, according to the Agence France Presse, both expressed "satisfaction at the good relations between the two parties."

Last week, the Soviet party newspaper Pravda attacked the Italian party after the Italians condemned the introduction of martial law in Poland in December.

Moscow Calls For Arms Cuts

(Continued from Page 1)

group that draws its membership from Social Democratic parties in more than 40 nations, including the parties that head the governments in West Germany and several other Western European countries.

"There are no small reserves for the expansion of cooperation in the struggle for the preservation and consolidation of détente," Mr. Brezhnev said. "The main global problem of the day, that of preventing the world from sliding down to a thermonuclear catastrophe, demands — despite all differences and disagreements — that a common language and, what is most important, common decisions should be found."

The group that met with Mr. Brezhnev, calling itself the consultative council on disarmament, was established by the Socialist International in 1970 to maintain contact with world leaders on weapons issues. It was headed by the Kremlin's Leonid Brezhnev, a former premier of Finland, who is chairman of the disarmament body.

NATO to Step Up Pressure Over Polish Situation

Reuters

BRUSSELS — Western alliance nations agreed Wednesday to increase economic and political pressure against Moscow and Warsaw to protest martial law in Poland, a NATO spokesman said.

After a meeting here of the 15 members of NATO, the spokesman said member states would consider new economic and other measures to demonstrate their disapproval of the Soviet role in the Polish military crackdown.

NATO sources said these measures were likely to be announced in the next few days in national capitals, although it was being left to individual governments to decide what form they should take.

Virtually all NATO governments, with the exception of Greece which has abstained from NATO condemnation of the Soviet Union, have already taken action of varying sorts. This has included suspension of bilateral talks, visits and technical and scientific agreements and the curtailment of credit facilities.

The United States, demonstrating the importance which it attaches to a concerted NATO response over Poland, sent its assistant acting secretary of state for European affairs, Allen Holmes, and its assistant secretary of state for economic affairs, Robert Hor-

Reagan Plan For Defense

(Continued from Page 1)
ration has projected a deficit in the overall fiscal 1983 budget of about \$90 billion.

Congress, according to officials on Capitol Hill and in the Office of Management and Budget, is expected to take action at the proposed outlays of \$216 billion, because that is the figure that would affect the federal deficit. The proposal compares with \$180 billion planned for the current year.

The majority leader of the Senate, Howard H. Baker Jr., a Tennessee Republican, said he thought the military budget would be trimmed but added, "I would not expect the broad, basic scope of the budget to change."

The speaker of the House, Thomas P. O'Neill, a Massachusetts Democrat, predicted that the House would cut the military budget for next year as it did this year. "We'll whittle it down a lot," Rep. O'Neill told reporters. "I only hope the Senate sees the light."

Congressional officials said that Sen. John G. Tower, the chairman of the Senate Armed Services Committee, planned to put the

military authorization bill on what one called "a fast track." Sen. Tower, a Republican from Texas, was said to be aware that opposition to military spending is building in the Senate and thus to want "the bill considered as soon as possible."

The nearly \$260 billion in military appropriations being planned represented something of a Pentagon victory over the Office of Management and Budget, officials suggested. Budget planners in the Pentagon have long argued that higher and more realistic projections of inflation should be factored into the military budget to avoid requesting additional funds or cutting programs when inflation outruns predictions.

The budget office, being in the White House and politically attuned, has traditionally insisted on keeping the inflation factor down. Several congressional officials said that some members of the Armed Services Committee, including Sen. Tower, were annoyed at the closed session because the start of the military budget season ordinarily gives them a forum to emphasize points they want to make publicly.

Thailand Seized Arms Cache in Opium Battle

Rebel Army Also Left Behind Color TVs, Refrigerators and Whisky

By Vithoon Amorn

BAN HIN TAEK, Thailand — The remote village headquarters of Chang Chi-fu, who is accused of trading opium in huge quantities, has everything the hamlets nearby do not: comfortable villas, swimming pools, a well-stocked hospital, schools, basketball courts and a soccer field.

Until Jan. 21, according to Thai officials, it also had 15 tons of arms and ammunition. That was when almost 1,000 Thai border patrol police drove up the dusty dirt track to this village at the southern tip of the opium-growing Golden Triangle of Burma, Laos and Thailand.

In two days of fierce house-to-house fighting, 16 border police were killed. But the police, backed by air strikes, eventually drove more than 500 troops of Mr. Chang's guerrilla army out of their stronghold.

The police then confiscated huge supplies of food and imported whisky and the arms and ammunition.

"The ammunition would have been enough to keep them fighting for weeks," said one policeman guarding the now-deserted village. "Without air support we would never have been able to defeat them."

were killed in the fighting and during aerial bombing of their hilltop positions near the village. Deputy Premier Prachuab Satharungkul said at a press conference in Bangkok Wednesday. About 130 members of the army were killed in the same area in October in an operation that destroyed three heroin refineries, Mr. Prachuab said.

Mr. Chang, a Burmese of Chinese origin, says his 4,000-strong guerrilla army is fighting for autonomy in Burma's northeastern Shan state. But Thai and Western narcotics officials say Mr. Chang's main interest is in his heroin refineries along the Thai-Burmese border.

The Golden Triangle last year produced a bumper crop of 600 tons of opium, 80 percent of it grown in Shan state, an area almost inaccessible to Burmese government forces.

Thailand's premier, Gen. Prem Tinsulanonda, said the campaign to dislodge Mr. Chang's forces was mounted because Mr. Chang blatantly challenged Thai sovereignty by setting up a permanent base on Thai soil and collecting taxes from the village's 2,000 residents, Government sources said. Thailand previously ignored Mr. Chang's forces because it did not want an enemy on its western frontier while it had tension on its borders with Cambodia and Laos.

The attack caught Mr. Chang's forces off

guard as they were preparing to celebrate the Chinese New Year. The police said many fled in panic to the hills and jungle leaving behind color television sets, refrigerators and food stocks.

Border police sources said that, under a special order from Gen. Prem, 835 border police from Tak province were sent north on Jan. 20 in a convoy led by six armored cars. Their 250-mile (400-kilometer) trip raised no suspicion because it coincided with the annual visit of King Bhumibol Adulyadej to northern Thailand, the sources said.

"We were not told where we were headed," said Pvt. Pongsak Thaitoi, who was among the first group to enter the village. "Our superiors only said we were on our way to guard a VIP."

Police helicopter gunships and air force planes bombed Mr. Chang's villa and military barracks, but both Mr. Chang and his chief of staff, Chang Tsu-chuan, escaped, the sources said.

Government forces found no drugs at the village but confiscated more than 10,000 plastic bags for heroin.

In the week after the operation, 150 Chang guerrillas attacked a police station in the Mae Sai border district, killing seven policemen and civilians, Thai officials reported.

Reagan Softens Curbs on Press Access to Aides, But Takes Steps to Identify Leakers of Secrets

By Lee Lescaze
Washington Post Service

WASHINGTON — The Reagan administration has retreated from its effort to police contacts between officials and reporters, but has instituted a new system designed to make it easier to identify

ASEAN to Study Joint Parliament

The Associated Press

KUALA LUMPUR — Parliamentarians from the five member states of the Association of South-East Asian Nations are considering the establishment of an ASEAN parliament.

At a meeting of the interparliamentary organization here Wednesday, parliamentarians from Thailand, Indonesia, the Philippines, Singapore and Malaysia appointed a special five-member study group to look into details of the plan.

Syed Nasir Ismail, president of the group and speaker of the Malaysian parliament, said the group was to meet in March and report its findings at another meeting in Manila in June.

officials who leak national security information to the news media.

A directive signed by President Reagan orders that all officials who read classified documents prepared by or intended primarily for the National Security Council must sign an attached cover sheet. If such information were to leak, investigators presumably would target their search for the leaker on people whose signatures appeared on the sheet.

By signing the cover sheet, an official acknowledges that he understands the laws governing classified information and promises to cooperate with any "lawful investigation" by the United States government of any unauthorized disclosure.

David R. Gergen, the White House communications director, said the procedure is designed to restrict access to national security information to a minimum of people.

The directive, announced on Tuesday, is the result of a review by William P. Clark, the White House national security affairs

It reflects some second thoughts by Mr. Clark, who issued a more sweeping directive on Jan. 12. That order required advance approval by "a senior official" of all contacts between reporters and officials "in which classified National Security Council matters or classified intelligence information are discussed."

That provision prompted criticism from reporters and some government officials, who said it would chill a wide range of useful contacts.

Mr. Clark met Monday with four reporters, at his request, to discuss a draft directive that still contained the prior-approval condition and a requirement that officials write a memorandum to the approving official reporting on the contact with the reporter.

Requirements Dropped

Mr. Clark decided overnight to drop those requirements. One official said Mr. Reagan had indicated that he did not want to get into "an us vs. you versus you vs. us" situation.

Mr. Gergen said the entire review of the situation and the differing directives have "sent a message through the ranks that the president regards disclosure of Na-

tional Security Council information as a serious matter."

Although the directive applies only to NSC material, the administration expects the CIA and other agencies and departments to draft new procedures for handling sensitive information.

The administration's concern about security centered on two leaks. The first led to reports that crates containing Soviet aircraft had been spotted in Cuba. This could be a violation of a 1962 U.S.-Soviet agreement that prohibits the introduction of offensive weaponry into Cuba. The second led to publication of details of Mr. Reagan's decision on what type of fighter planes to sell Taiwan.

Attorney General William French Smith has been asked to form an interagency group by March 1 to look into the effectiveness of the laws prohibiting unauthorized disclosure of classified information. Mr. Gergen said the group also will study the penalties for such disclosure, but that no new penalties are envisioned.

The cover sheet will be attached to a document at the time it is submitted to an assistant secretary or an official of equivalent rank. After it is attached, it must be signed by all officials no matter what their rank, Mr. Gergen said.

Conservatives Complain Heatedly to Reagan

By Howell Raines
New York Times Service

WASHINGTON — For the 13 months since President Reagan took office, tensions have been building between his administration and the conservative activists who, as they see it, were with him in the wilderness.

On Monday the frustrations and feelings of betrayal of conservatives boiled over into heated exchanges at an unannounced White House meeting between Mr. Reagan and six representatives of right-leaning groups.

Several times the president brushed aside reminders by his four top aides that he had other appointments. For an hour and 20 minutes, he listened as some hard-liners spoke of their dismay that, among other things, top White House and State Department jobs had gone to moderates instead of to true "Reaganites."

The feud was sharpest, according to the accounts of witnesses, when Edwin Meese, 34, counselor to the president, challenged the group to "name one Reaganite who doesn't have a job."

"Are you kidding?" replied John Lofton, editor of Conservative Digest. He contended that at that very moment the White House was

killing the nomination of a long-time adviser to Mr. Reagan, William R. Van Cleave, to the Arms Control and Disarmament Agency.

On Tuesday, the six visitors tried to minimize the disagreements. One of them, Tom Winter, former publisher of Human Events, one of Mr. Reagan's favorite publications, said it was the third such session since his election.

U.S. and South Korea To Join in Maneuvers

United Press International

SEOUL — The United States and South Korea begin their 12th annual "Team Spirit" military exercises at the end of next week of a \$50-million show of force, a U.S. military spokesman said Wednesday.

The war games will begin Feb. 13 and end April 26 with the participation of 100,000 South Korean and 57,500 U.S. troops, the spokesman said. North Korea has criticized the exercises as "a northward war preparation" at a recent meeting of the Korean military armistice commission at the truce village of Panmunjom.

However, Mr. Meese, who is known to have a penchant for playing down conflict, acknowledged that the exchange had been lively.

"Personnel matters were discussed and we had what the diplomats call a full and frank discussion and a candid airing of views," he said. "I wouldn't call it heated. I think people were very frank, and as you know, that's a very vociferous group."

Mr. Lofton, he added, was not alone in protesting what Mr. Meese called "the philosophical background of some appointments."

Others present were Ed Fudner, chairman of the Heritage Foundation; M. Stanton Evans, the columnist; Alan Ryskind, an editor of Human Events; and John O'Sullivan, editor of Policy Review, a Heritage publication.

"There were a number of things they didn't understand about the background of appointments. We were able to fill them in on that," said Mr. Meese.

But some of the visitors would not sit still for Mr. Meese's excuse that Mr. Van Cleave had not been offered the chairmanship of the General Advisory Committee of the Arms Control Agency because he disagreed with the president's

policy on the basing of the MX intercontinental missile.

Mr. Lofton countered that Mr. Meese and two other White House aides at the meeting, James A. Baker 3d, chief of staff, and Michael K. Deaver, deputy chief of staff, had disagreed with Mr. Reagan's decision not to impose new taxes this year.

Loyalty Test

"If loyalty to the president was the test of your jobs," Mr. Lofton was quoted as saying, "none of you would be here."

William P. Clark, the national security adviser, listened silently, "watching us punch out on Meese," according to one participant.

Descriptions of the president's response varied. "I think he enjoyed it," said Mr. Meese. But to the conservatives, Mr. Reagan seemed defensive as he went through what sounded like a carefully prepared defense of his administration's record of appointments.

The visitors complained about Secretary of State Alexander Haig Jr. and what they described as a failure to clean out the pro-détente, "Kissinger" faction at the State Department. The reference was to former secretary of state, Henry A. Kissinger.

U.S. Aides Assail Private Schools' Tax Break

By Stuart Taylor
New York Times Service

WASHINGTON — More than 200 lawyers and others in the Justice Department's civil rights division have signed a letter expressing "serious concerns" about the Reagan administration's decision that racially discriminatory private schools are entitled to tax exemptions under current law, Justice Department sources said.

The letter, sources said Tuesday, represents a continuation of a prolonged and intense debate within the administration that led up to the Jan. 8 decision to grant tax exemptions to segregationist schools. Some of the high-level internal conflicts leading up to that decision have just become known through Justice and Treasury Department documents obtained by the Senate Finance Committee, which is holding hearings on President Reagan's proposal for a law to deny the exemptions.

The letter, addressed to William B. Reynolds, the head of the civil rights division, and dated Jan. 26, also asked Mr. Reynolds to explain his role in advising the view that there was no legal basis for continuing an 11-year-old policy of denying exemptions to such schools.

The more than 200 signers of the letter include almost half the employees of the division, which has been in turmoil off and on for months over the administration's reversal of a long-standing civil rights policy.

The letter said, "We have serious concerns about President Reagan's recent decision to extend tax-exempt status to racially discriminatory private schools." It added that "many of these schools were established for the purpose of perpetuating racial segregation in communities" where public schools had been desegregated.

A spokesman for Mr. Reynolds said late Tuesday, in response to questions about the letter, that civil rights division employees would be given copies of a long legal memorandum he wrote late last month explaining his view that there was no legal basis for denying exemptions.

California Youth Jailed For Role in Girl's Death

The Associated Press

SAN JOSE, Calif. — A teen-ager who showed "a perverse sense of morality" by kicking leaves over the body of a strangled girl must serve up to three years in a ranch for delinquent boys, a juvenile court judge ruled Tuesday.

The judge handed down the sentence after finding Kim Rasmussen, 16, guilty of being an accessory in the death of Mary Conrad, 14. Miss Conrad's body was discovered Nov. 5 in a ravine near the Milpitas foothills. She had been killed two days earlier by Anthony J. Broussard, 17, who faces trial as an adult on charges of raping and murdering his former girlfriend.

ing exemptions to segregationist private schools.

The documents released by the Finance Committee Monday show how the Justice and Treasury departments initially decided to ask the Supreme Court to uphold an 11-year-old policy of denying exemptions to those schools and then, after a flurry of memos, meetings and consultations with the White House in December, reversed themselves Jan. 8.

The deliberations took place amid intense lobbying by key Southern conservatives in Congress who urged that exemptions be granted to segregationist schools. The administration decided to do so despite arguments by some Justice and Treasury Department lawyers that it would be illegal and might be seen as a political sop to racists.

The documents include internal memorandums between high Justice and Treasury officials and correspondence with members of Congress.

Together with testimony by Deputy Attorney General Edward C. Schmitt at a Senate Finance Committee hearing Monday, the documents show that Mr. Reynolds, a Reagan appointee, was one of the chief advocates of the view that segregationist schools were legally entitled to tax exemptions.

They show that Mr. Reynolds and his allies, including aides to Mr. Schmitt and Attorney General William French Smith, prevailed over objections by the head of the Internal Revenue Service and over career Justice Department lawyers in the solicitor general's office and the tax division.

Those who raised legal and other objections to granting tax exemptions to segregationist schools in internal deliberations in December, the documents show, included Roscoe L. Egger Jr., head of the IRS; Lawrence G. Wallace, the deputy solicitor general in charge of a pending Supreme Court case

involving the issue; Robert A. McConnell, the top career lawyer in the Justice Department's tax division; Theodore Olson, head of the Justice Department's Office of Legal Counsel; and Peter G. Wallison, general counsel of the Treasury Department.

Armed with legal briefs and aided by references to the Republican platform and Mr. Reagan's cryptic notations on a correspondence log leaked to Rep. Trent Lott, Republican of Mississippi, Mr. Reynolds and his allies persuaded Mr. Smith and Mr. Schmitt to adopt the position that there was no legal basis for denying tax exemptions to private schools that exclude blacks.

This position, forcefully expounded by Mr. Schmitt, Mr. Reynolds and Deputy Treasury Secretary R.T. McNamara at a Finance Committee hearing Monday, and by Mr. Reagan at a news conference last month, is contrary to the decisions of several federal courts, one of which was affirmed by the Supreme Court in 1971.



Passengers are shown disembarking after hijacked plane landed safely in Key West, Fla.

Hijacker Reportedly a Mental Patient Purged by Cuba

United Press International

MIAMI — A young Cuban refugee who hijacked an Air Florida jet to Havana was among the criminals and mental patients purged from Cuban jails and asylums during the Mariel seafaring in 1980, it was learned Wednesday.

The FBI has identified Sergio

Ortega Rojas as the man who Tuesday commandeered a Boeing 737 with 77 persons aboard shortly after it left Miami for a flight to Key West, Fla. The plane landed at Havana's José Martí Airport, where Mr. Ortega was taken into custody.

The passengers and crew left Havana at 6 p.m. and arrived in

Key West 30 minutes later. Sources said Mr. Ortega had been under psychiatric care at the Florida State Hospital at Chattahoochee. The Cuban government has given no word on what has become of him. The State Department has begun pressing for his return to face piracy charges.



SHUTTLE MOVED — The space shuttle Columbia is transferred to the Vehicle Assembly Building at the Kennedy Space Center Wednesday before next liftoff March 22.

Trudeau Blames Slump On U.S. Interest Rates

By Stanley Meisler
Los Angeles Times Service

TORONTO — Prime Minister Pierre Elliott Trudeau, defending his economic policies during a severe recession, placed much of the blame for Canada's troubles on the high interest rate policies of the United States.

But, in an unrelenting attack on national policies, the premier of all 10 provinces — Conservatives as well as New Democrats — called on Mr. Trudeau to stop following the policies of the U.S. government and start reducing interest rates in Canada no matter what happens in the United States.

Premier Allan Blakeney of Saskatchewan described Canada's high interest rates as "perverse, unfair to the point of being immoral."

Mr. Trudeau and the premiers made their statements in the opening session Tuesday of a conference in Ottawa on the national economy. After the session, which was televised nationally, the prime minister and the premiers began a series of private meetings that are expected to continue this week.

Oil Price Increases

In his explanation of the problem, Mr. Trudeau said that the United States, after the shock of new worldwide oil price increases two years ago, "embarked on a deliberate policy of tight money, forcing interest rates to levels which previously had been unknown in history except perhaps among a class of lenders on the fringes of society."

"Within the United States," he said, "the economy has slowed to a crawl, and with that decline has gone a good part of a major market for what we in Canada produce. The effect in all this has been substantial in every country, but we need more help than it more than most."

"To ensure continuing investment in Canada, to give reasonable protection to our dollar," he said, "...the government in Canada has had little choice but to let our interest rates keep pace with, indeed sometimes exceed, those set in the United States."

On top of this, he said, Canada had home-grown problems of its own and "the policy of restraint is based on our firm belief that printing more and more money would unsupportably risk our chances of reducing inflation and lowering interest rates in the long run."

No Defenders

But this economic philosophy fell under attack quickly because of the unemployment, hardships, bankruptcies and mortgage foreclosures caused by the high interest rates. Mr. Trudeau had no defenders.

Noting that Canada had experimented with a high interest rate, tight money policy for six years, Premier Blakeney, a member of the leftist New Democratic Party, said: "Let's admit it. That experiment has failed. Failed, because from the start it was never an economic policy designed for Canada. It was an imported policy directed from the textbooks of [American economist] Milton Friedman."

Study Says Tests In U.S. Are Not Unfair to Blacks

New York Times Service

WASHINGTON — Standardized tests given to applicants for schools and jobs are generally valid and not in themselves unfair to blacks and other minority groups, a panel formed by the National Academy of Sciences has concluded.

The panel, which released the report Tuesday after four years of study, warned, however, that the tests had "inherent limitations" and that they could hurt certain groups if relied on too heavily. The Educational Testing Service, which makes the Scholastic Aptitude Test and other tests, called the report very positive. But Allan Naim, a consumer advocate who two years ago prepared a report for the Ralph Nader organization denouncing the testing industry, said the academy report "told the industry line in most cases."

The new report, prepared by a 19-member committee headed by Wendell R. Garner, a Yale University psychologist, suggested that low test scores for many minority youths reflected deprived backgrounds. It recommended that employers and schools give weight to such factors as motivation as well as test scores.

The premiers insisted that high interest rates had become the cause rather than the cure for inflation and that, in any case, the social cost in jobs, homes and businesses lost had become unacceptable. Several said they would accept a further decline in the value of the Canadian dollar (now worth 83 U.S. cents) as one of the costs of lowering interest rates below those in the United States.

The Canadian recession, which several premiers described as the worst in 30 years, has resulted in an unemployment rate of 8.6 percent, just slightly under that in the United States. The 1981 inflation rate of 12.5 percent and the latest commercial bank prime rate of 16.5 percent were higher than those in the United States.

The six-man team headed by Pretoria Judge Pieter Jacobus Rabie was asked to examine the "necessity, adequacy, fairness and efficiency" of legislation affecting the internal security situation in South Africa.

The commission said in its report that South Africa's stringent security laws were necessary because acts of terrorism and sabotage committed in recent years were likely to increase in the future. But it said that some laws were inequitable and lacked adequate controls.

New Ministry Proposed

This could be partly corrected by doing away with the present Police Ministry and establishing a new ministry of law and order with two separate components, the police and a directorate of internal security, reporting directly to the minister, the report said.

But it added that the review of preventive security measures should be separate and remain in the hands of the Ministry of Justice.

The report also recommended that, as circumstances could change, any case under security laws should be periodically reviewed at intervals of six months in the case of persons detained without charge and 12 months in other cases.

Commission Set Up in 1959

On Monday, the Steyn commission report on the media, which caused a storm of protest by proposing tighter press controls, said that all detention and banning orders should be reviewed by a supreme court judge.

The Rabie commission was set up in August, 1979, at a time of mounting international criticism of security police actions, in one of the first actions of Prime Minister Pieter W. Botha after he took office.

Justice Minister H.J. Coetsee said that the government would make a close study of the report and refer it to such bodies as the chief justice, the police union and the bar council before making any decision on its findings. Mr. Botha has said that both reports should be discussed in a special parliamentary debate.

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S. Africa Study Urges Updating Security Laws

Reuters

CAPE TOWN — A government-appointed commission on South Africa's security laws Wednesday recommended greater accountability of security actions and a tighter definition of offenses.

The commission also suggested greater access to persons detained without charge, including visits by a doctor and by a magistrate at least every two weeks.

Political analysts described the 250-page report of the Rabie commission as balanced, aimed more at modernizing security laws than liberalizing them. The report, presented in Parliament Wednesday, was the second this week to recommend greater internal review of security police actions.

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But it added that the review of preventive security measures should be separate and remain in the hands of the Ministry of Justice.

The report also recommended that, as circumstances could change, any case under security laws should be periodically reviewed at intervals of six months in the case of persons detained without charge and 12 months in other cases.

Commission Set Up in 1959

On Monday, the Steyn commission report on the media, which caused a storm of protest by proposing tighter press controls, said that all detention and banning orders should be reviewed by a supreme court judge.

The Rabie commission was set up in August, 1979, at a time of mounting international criticism of security police actions, in one of the first actions of Prime Minister Pieter W. Botha after he took office.

Justice Minister H.J. Coetsee said that the government would make a close study of the report and refer it to such bodies as the chief justice, the police union and the bar council before making any decision on its findings. Mr. Botha has said that both reports should be discussed in a special parliamentary debate.

The six-man team headed by Pretoria Judge Pieter Jacobus Rabie was asked to examine the "necessity, adequacy, fairness and efficiency" of legislation affecting the internal security situation in South Africa.

The commission said in its report that South Africa's stringent security laws were necessary because acts of terrorism and sabotage committed in recent years were likely to increase in the future. But it said that some laws were inequitable and lacked adequate controls.

New Ministry Proposed

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Commission Set Up in 1959

Japan's Domestic Market

Japan's minister of international trade, Shintaro Abe, listened with apparent sympathy in Florida last month to the complaints of his American and European counterparts. Yes, he agreed, Japan's enormous trade surplus with the West during this recession is a serious strain on the alliance. And yes, Japan could do more to welcome imports.

Many legal changes have now been made. For example, importers will no longer have to switch the cords on electrical appliances to meet Japanese safety codes. It would be foolish to pretend, however, that Japan's large trade surplus will thus be significantly cut. To reduce the risk of protectionist retaliation, Japan has to be persuaded to expend less of its phenomenal energy on satisfying foreign consumers and more on improving living standards for its own people.

Japanese officials have been conciliatory in public, but in private they are bitter. Their export success, they argue, testifies to their skill in identifying consumer desires, maintaining high savings and labor productivity and adjusting to energy shocks. If the West had done half as well, there would be no recession and no yearning to restrict competition in autos, steel and consumer electronics.

They are right. But finger-pointing won't alter political and economic realities. Europe and America need breathing room to restructure their economic systems. That should not

mean "voluntary" export restraints like the auto agreement extorted from the Japanese by the Reagan administration last year. It should mean a continuing effort to open the Japanese market to foreign products. And that, above all, requires important changes in the way the Japanese economy operates, keying growth to domestic rather than foreign consumer demand.

Last year Japan's economy grew by 4 percent, but two-thirds of the added output was sold abroad. That has been the Japanese way: Spend little, save much. But the tradition has left Japan with a surprisingly low living standard, notably in housing. If the Japanese were to cut taxes or raise social spending, they could begin to enjoy the fruits of their success, and the stimulus to their domestic economy would ease the adjustment pains for their foreign competitors.

There are good political reasons why Japan resists such changes. Its import barriers assure the survival of weaker industries. Exports are favored because it is dependent on imported energy and basic foodstuffs. Social spending has been curtailed because the electorate has a mortal, if irrational, fear of government budget deficits. But all countries have reasons to resist change. Unless Japan becomes as flexible politically as it is economically, the whole world will be poorer.

THE NEW YORK TIMES.

Where Is the Economy?

"Watch out for the pea and the shells," said a voice inside the Reagan administration. Just so. The shells in the State of the Union Message — a complicated and wrongheaded swap of state and federal social programs — were meant to distract. The hidden pea was the true state of the economy.

Mr. Reagan had no new ideas for dealing with its immediate problems. His confidence notwithstanding, they are no nearer solution than on the day he was sworn in.

In his first year, President Reagan offered sweeping measures: a curb on non-defense spending; tax reductions for corporations and affluent individuals; a tight hold on the money supply. All this, he predicted, would stimulate productivity and buoyant growth with stable prices. He wanted nothing to detract from the drive for economic recovery, without which there would be no sensible social reform or convincing military strategy.

The president got most of what he asked for, and in some cases more. The results, however, have been far from reassuring. Partly due to good luck on energy and food supplies, inflation has been cooled. But monetary restraint has devastated the housing, auto, farm machinery and lumber industries. Overall, the economy is in deep recession, with unemployment pushing 9 percent and no relief in sight. Most ominous, neither lenders nor corporate borrowers see a brighter future. The giant deficits forecast for the recovery years of 1983 and 1984 — a result of those big tax cuts — have scared the markets into coma. Despite the recession, interest rates on long-term corporate bonds, which register expectations about inflation, hover above 15 percent.

Reaganomics looks more and more like a bet on the familiar Republican remedy of a

sound buck and trickle-down prosperity. Yet Mr. Reagan pursues it with an inexplicable indifference to deficits.

There are alternatives, much safer bets: A tax correction: Rebalancing the budget in the middle of the recession would be self-defeating. But there are strong reasons — now — to raise the taxes to be collected in the recovery years of 1983 and 1984. That would reduce the risk of resurgent inflation. Just as important, it might make Wall Street courageous and let corporations begin to raise capital, and productivity, at affordable costs. Democrats argue for a stretch-out of the scheduled tax cuts. Many Republicans lean toward modest increases in excise taxes. Better than either of these would be a tax on imported oil and domestic natural gas, to reduce future energy shocks.

A defense stretch-out: The budget ax has not yet touched inviting civilian targets — water projects, veterans' pension excesses, Social Security benefits for the affluent. But the resistance is fierce. The sure way to bold down spending in 1983 would be to stretch out the military buildup, or drop questionable projects like the B-1 bomber altogether.

A wage policy: The recession is wringing out inflation by driving down production costs, two-thirds of which tend to be wages. But the collapse of the industrial Midwest proves what an incredibly wasteful wage-reduction program that is. The same results might be achieved less painfully by government tax breaks for workers who settle for less, and penalties for companies that accept inflationary contracts. Unions have never been interested. But they have not been in such a pickle since the Depression. They just may be ready for something new.

THE NEW YORK TIMES.

Mitterrand on History, America and Prospects

By James Reston

PARIS — President Mitterrand is not happy with the state of the Atlantic alliance these days, but, unlike many others in Europe, he is cautiously optimistic about the future of the Western world. There will always be crises, he says, but we should not confuse crises with decline.

In two long conversations at the Palais de l'Elysee, he argued for a sense of history about our present troubles. When he was 20, 45 years ago, he said, Stalin was in the Kremlin, and the leaders on France's borders were Hitler in Germany, Mussolini in Italy and Franco in Spain. So that those who regard the last years of the 20th century as the worst of times may lack a sense of proportion.

Mitterrand has been rereading de Tocqueville on America recently, and is convinced that de Tocqueville's confidence in America's power and democratic traditions will prevail. Mitterrand said he has always felt that the American people have resources of energy and imagination that will continue into the 21st century.

Perhaps out in quite so dominant a role as in the last two generations, he thought. Other power centers will arise in time — be mentioned China, Japan, Brazil and Mexico — but the "genius" of the United States will find ways of adjusting to the changing circumstances of the coming world.

It may be, he observed, that America will have to think of adapting its institutions to make sure that the mainsprings of its de-

mocracy are sound and do not suffer from the inequalities of race or class.

He would put it this way, he said: It is essential that the American people and state should be really strong for the defense of the values of the West, and appreciate that the United States will be a great nation so long as it never acts contrary to public freedoms.

Mitterrand is obviously eager to talk to President Reagan about these deeper questions — perhaps on his way to Japan in April, or preferably sooner. Meanwhile he talked of immediate problems.

Unemployment in the West: 8.9 percent in the United States, 7.5 percent in France, 10 percent (or 25 million people) in Western Europe. Mitterrand said that he was not prophet, but that if U.S. policies continued as they are, unemployment would undoubtedly increase.

Interest rates: He was not judging Reagan's economic policies for the United States, he said; that was Reagan's responsibility. But high interest and exchange rates were weighing very heavily on the economies of the allies.

What could Europe do about this? As there is already a European monetary system, Mitterrand replied, it would be a good idea if there were also a European system for rates of interest. He added that there would also have to be a system of control to avoid capital outflow from Europe.

European anti-nuclear demonstrations: On this question, he said the German problem is most important. Many West Germans feel, he said, that their country is "a barrel of explosives," including thousands of nuclear weapons over which they may have no control. This problem, he said, would be with us for a long time, but it had been eased lately by the Soviet action in Poland.

Poland: That was a genuine revolution, unlike Czechoslovakia in 1968 or Hungary in 1956. It was not strong enough to shake the foundations of the Soviet empire, he said. It was not decisive, but sometimes, as in 1948, revolutionary movements, while not immediately successful, foreshadow events, as in the collapse of the Austro-Hungarian Empire long after the death of Metetrich.

Mitterrand seemed to be saying that time is out on the Soviet side but on the side of freedom. He was also saying that we have to be clear about what the West can do in Poland and what it cannot do.

Personally, he said, he does not believe in an economic blockade of Poland and the Soviet Union unless it is part of an agreed allied strategy of confrontation. But there is no such agreement within the alliance. There is not even much consultation. There are exchanges of impressions and prophecies, but no serious consultation on a strategy of confrontation. This would have involved, he said, the question of military op-

position or economic blockade, which would have been a first step toward military action. Nobody in the West, Mitterrand implied, is prepared to believe that Poland could be detached from the Soviet empire by threats while Moscow buys grain from America and sells natural gas to Western Europe.

What the West cannot do, he insisted, is encourage Polish military resistance that the West is not willing to support. What it could do, he suggested, is help the Polish people with food and credits and make clear it has heard their cries and supports their aims that are rationally within their reach: a return to civil law, release of political prisoners, restoration of communications through the press, and resumption of negotiations between the Polish government and the unions and the church.

Mitterrand was clearly trying to make the best of a bad situation and didn't want to pick a fight with anybody. But he said that Poland had been part of the Soviet sphere of influence ever since Yalta two generations ago, and that those who signed that agreement without assuring that its terms would be carried out should be careful about proposing sudden remedies for its abolition.

He argued for more consultation, cooperation and coordination of policies among the allies, and on the basis of history, a little more confidence that the last years of the century will be better than most commentators in the West now suppose.

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The Party Perplexes Italians

By Enrico Jacchia

ROME — The Italian Communist Party has put the Italian Communist Party on center-stage in Rome. Although momentarily eclipsed by the liberation of General De Gaulle, the dominant question remains the acceptability of the Communists as a reliable partner in government.

A certificate of good conduct has been denied to them for 35 years. The consequences of a sudden change would be far-reaching. For decades, the Christian Democrats have justified their opposition to the Communists on the ground that they obey Moscow. This is an oversimplification, but it has proved useful as a way of keeping Enrico Berlinguer's party out of power. If the Communists break with Moscow, their political image will change.

To what extent? This question is the core of the present debate in the directorates of the five-party government coalition.

There is another aspect of the debate that may have an impact far beyond Italy's borders. It has been said that a main concern in Moscow has been the stance of the Italian party — supported by the Spanish and other "Eurocommunist" parties — toward the so-called liberation movements. Italy is of marginal importance in Soviet planetary strategy, but the Third World is essential.

The Italians have taken a number of initiatives that collide with the Soviet line in Africa and Latin America. In Mozambique, for instance, they have a strong influence on the government, which is Marxist-oriented but seeks, like the Angolan government, to diminish its dependence on Moscow. Ethiopia is perhaps the country in Africa in which Communism has taken deepest root. A high-level delegation of the Ethiopian Revolutionary Council came to Rome last fall for a weeklong exchange of views with the leadership of the Italian Communist Party. It has been reliably reported that most of the talks centered on Eurocommunism, an ideology that could appeal to the independent-minded Ethiopians.

Italy's Communists have established good connections with Marxist movements in the Arab world and with Latin American revolutionaries. On a recent tour of Central America, Berlinguer was enthusiastically welcomed by the local leftist movements, which are now returning the visit. A delegation of the El Salvador Communist Party has been in Rome as guests of the Italian party.

The Italian Communists have worked out a policy adapted to the ideological requirements of these Marxist nationalists in the developing nations who are looking for a "third way" between free enterprise — or capitalism, as they call it — and Soviet Communism. It is often asked whether international security and world stability are best served if the strongest Communist party in the West is free to influence the Third World wholly independently of Soviet control or direction.

Although the prospects for genuine détente look dim at present, some compromise will have to be reached eventually between the requirements of the Western democracies and those of the Eastern bloc. Moscow can be expected to comply with the basic rules of such a compromise, one of which would be restraints on the overseas activities of its client parties.

However, if a heretical yet influential Italian Communist Party were acting on its own, it could help to subvert Central America or counter Western policies in Africa — to effective ways, yet beyond the responsibility of Moscow.

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Suslov Lives, but Changes Await the System

By Leopold Unger

BRUSSELS — Torquemada has just died. The religious has long been moribund, but the church and the inquisition remain. When he died at 79 last week, Mikhail Suslov, the last grand baron of Bolshevism, was not much older, and apparently not much sicker, than the other old men in the Communist Party Politburo, the supreme organ of power in the Soviet Union. Leonid Brezhnev, the president, who is 75, long appeared to be in failing health and more likely than Mr. Suslov to make a quick exit. The dean of the Politburo, Arvid Pelsbe, the man who knew Lenin — is 83.

Yet the death of Suslov, who directed aggro for more than 40 years, is worth special note, for while he was a symbol of Communist dogmatism, intolerance and

the creative sterility of the Soviet system, his death is unlikely to bring about any immediate change in the Kremlin's political strategy or even its propaganda.

It was Suslov who thought up the ideological justifications for all the phases of the Soviet political and military expansion, from the great purge of the 1930s, through all the economic catastrophes (Tito and Mao, for example), all the piffleries (Hungary, Czechoslovakia), up to the ultimatum he delivered in person last May to Warsaw warning that "the tide of events must be turned."

The catastrophe in Poland — where the army violated his basic principle of party superiority and took over the reins of government

— was only a temporary interruption in the Suslov line.

Premier Alexei Kosygin died more than a year ago; his seniority as premier and as a director of the economy was equal to that of Mr. Suslov. His death did not bring about a transformation of the economic system, despite the fact that the system has maintained the standard of living in the Soviet Union at the level of an underdeveloped country.

Despite a long series of political defeats including the recent break with the Italian Communist Party, and despite the loss of its power to proselytize, the Suslov ideological line will probably survive Suslov.

There may be some difficulty in choosing a replacement for the

Grand Ideologue. Sixty-four years after the Bolshevik revolution, the Soviet Union has still not managed to establish a normal process of succession.

Still, the Soviet Union is a young country. As paralyzed as the system may be, younger generations are waiting to benefit from normal movement upward.

The current phenomenon may be without precedent in history: a vast country ruled by a senior citizens' club. The average age in the Politburo is 70; that in the Central Committee Secretariat is 68; in the Central Committee it is 64, and in the Presidium of the Council of Ministers it is 69.

This incongruous situation is the result of an equilibrium, a cautious balance among the Politburo and the various institutions of the Soviet establishment. Each of the 14 Politburo members represents a separate corps of the nation, a separate lobby, caste or clientele, with ramifications all the way down to the municipal level.

The death of a leader of Suslov's stature is bound to shake the edifice and bring changes in at least 5,000 responsible posts, by the estimate of some experts. It was because the Soviet nomenclature was not prepared to handle a change of this magnitude that not a single member of the ruling group was removed or shifted during the 26th party congress a year ago.

Suslov's "unexpected" death may therefore lead to a battle among the clans headed by their Politburo leaders, which would have a domino effect. It might bring about a series of simultaneous departures from power and result in a broad transfer of responsibilities.

Little is known about the new men waiting to take power. They certainly will be better educated than those who leave, less rigid, also, because less marked by the horrors of World War II and by the guilt of Stalinist atrocities. They will be less conservative, more flexible and, at the same time, less bound by tradition and more likely to do the unexpected.

The domestic paralysis of the Soviet system of which Suslov was the high priest was always compensated for — and still is — by expansion outside the Soviet borders. Soviet chauvinism and aggressivity on the international scene allowed Suslov and his colleagues to freeze the system, to avoid reform and to delay change.

The question that comes up now is not who will replace Suslov but what his successor will do — and what all the new Suslovs will do with the power they soon inherit.

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Letters

German Jews

Regarding the assertion in a Reuters report from Berlin (IHT, Jan. 20) that "Germany once had a thriving population of 2 million Jews": The correct figure for 1933 would be about 499,700.

Today, the report says, "there are about 30,000 in West Germany and 20,000 in East Germany." The correct figures are about 27,350 in West Germany and 700 in East Germany. Oddly enough, the same errors appeared under a different signature in The Times of London. Were both reports perhaps using the same unreliable source?

C.C. ARONSFELD, Harrow, England.

There has at no time been a population of 2 million German Jews. The right figure for the period from 1919 to 1933 would be in the 500,000-600,000 range. Imprecise and exaggerated statements relating to the Holocaust can play into the hands of neo-Nazi "revisionist" propaganda.

J. SEELMAECKER, Feldafing, West Germany.

The Jewish population of Germany in 1933, when Hitler unilaterally came to power, was about 600,000, of whom some 200,000 lived in Berlin. When World War II broke out in 1939, some 120,000 had emigrated. Some 450,000 Jewish subjects were murdered.

The grim balance of the some 5,550,000 Jews murdered by the Third Reich came mostly from Poland (3 million). If the megamania criminals at the Wannsee conference talked of 11 million Jews, it was because they foresaw themselves as masters of all of the Soviet Union as well as Britain, Spain and Switzerland.

HENRY S. BONDI, Maennedorf, Switzerland.

Schmidt the Ally

With reference to two articles on the editorial page (IHT, Jan. 15), by William Pfaff on the domestic factors behind U.S. foreign policy and by William Safire on a Washington dinner party given by Chancellor Schmidt, I would like to congratulate the IHT for the range of contradictory opinion and U.S. trends that it presents.

In contrast with the excellent

analytical contribution from Pfaff, Safire's treatment of the dinner that Chancellor Schmidt gave at the West German Embassy for a group of distinguished Americans was vitriolic and mischievous.

Safire pretends to know how the conversation went. According to my information, he is wrong when he concludes that Schmidt "came across as nervous, petulant, self-deceiving and irresolute — a reflection of what some of the staunchest supporters of the Atlantic alliance fear may be the state of his nation."

This conclusion is the biased and absurd message about Federal Germany that Safire has been trying to convey for a long time. His anti-German attitude is based on prejudice; it ignores the strategic truth that Federal Germany is a most reliable member of the Atlantic alliance and, for reasons rooted in dramatic events of the last 50 years of German and European history, the most loyal ally of the United States.

Anyone who contests the integrity and loyalty of Chancellor Schmidt assists in undermining Federal Germany's reliability as a sincere friend of the United States and a loyal partner in the alliance.

The specific geopolitical and strategic position of Federal Germany in the middle of Europe, integrated in the structure and mechanism of the Atlantic alliance with specific obligations and exigencies toward East and West, should be seen by Western strategists in the right functional perspective. It is my conviction that Chancellor Schmidt and his social-liberal coalition are a constructive and contributive force in the alliance.

STEPHAN G. THOMAS, Bonn.

On South Africa

The frivolous piece by Jonathan Power (IHT, Feb. 1) — with such statements as "over the last 20 years there have been far more political prisoners in South Africa than in Poland," the implication that the persons involved in the seizure of an Air India aircraft were only repressed by the South African authorities after threats of sanctions from certain Western countries, and the assertion that "Namibia legally belongs to the United Nations" — is unworthy of

a serious paper like the International Herald Tribune.

NEIL P. VAN HEERDEN, South African Ambassador, Bonn.

Regarding a report on South Africa (IHT, Dec. 16): Fortunately for South Africa, we are still a nation that honors its religion and churches, and we are proud to remember the bravery of our forefathers who put their trust in God. Gen. Andries Pretorius, who led the Boers to victory over the Zulus, was my great-grandfather. "The Day of the Covenant" is not a racist, abhorrent occasion. It is treated as a Sunday with services of thanksgiving and remembrance of the sacred vow that it would be celebrated thus.

SUZANNE SMITH, Paris.

Late Bad News

The news always arrives a little late in this corner of the world. Red Smith's view of the sports news always kept it fresh somehow. The news of his death also arrived a little late, and perhaps I'm just a little sadder for it.

ROBERT PATTERSON, Kigali, Rwanda.

Words for Poland

Has anyone thought to inquire among Polish people as to whether they might have preferred that the money spent on that television show be used to send food?

NESTA COMBER, Venice, France.

Feb. 4: From Our Pages of 75 and 50 Years Ago

1907: Lively Tehran Parliament

TEHRAN — There was great excitement at the latest sitting of Parliament. The Speaker demanded why the deputies had not yet taken the oath of allegiance prescribed by the constitution. Someone cried: "They refused the oath because they are traitors." This caused an extraordinary uproar. All the deputies speaking together, while the president rang his bell to restore responsible ministers, was then read. The assembly asked whether the Finance Minister is responsible for the customs. Saad ed Dowleh said that as Great Britain, with all her dependencies, has eight ministers, the Cabinet of Persia, which is a smaller nation, need not have more.

1932: In Praise of the Hatpin

PARIS — A reader continues a discussion on the return of the hatpin. "In the first place," she writes, "it retains the hat at the desirable angle. As a weapon it is even more useful. Many a time and oft when out alone at night I have felt safe and even courageous knowing I possessed a weapon sharp and at the same time light enough to use with efficiency and force. How often have I combated impudence or amorosness on the New York subway with a slight but well-directed prick at the psychological moment. They are much safer and cheaper than pistols and at the same time a weapon that even the most conservative and gentle of her sex need not blush to use."

In Central America, Recession Rivals Violence as Gravest Threat

Rising Oil Prices, Falling Export Prices Threaten Stability as Much as Rebels

By Alan Riding
New York Times Service

MEXICO CITY — The world recession has thrown potentially greater obstacles in the path of political stability in Central America than the extremist violence affecting much of the region.

Almost without exception, the rural-based economies of the isthmus have been ravaged by rising oil import bills, low commodity export prices, high interest rates and a shortage of foreign credit.

In every country except Panama, per capita income fell sharply last year while rising inflation, unemployment and food shortages steadily narrowed the margin of survival for the poor majority of Central America's 23 million inhabitants.

As a result, even where the political will exists, as in Nicaragua and Costa Rica, efforts to deal with the roots of unrest have been indefinitely postponed as governments struggle to avoid financial collapse.

Many regional experts believe Central America has no chance of alleviating chronic problems such as illiteracy, disease and malnutrition or tempering the more recent phenomena of insurgency and repression without first recovering a degree of economic health.

"Ninety percent of Central America's problems are economic," Costa Rica's president, Rodrigo Carazo Odio, said in a recent interview. "What better candidate is there to become a guerrilla than someone who is unemployed? Central Americans believe in freedom and democracy, but they may be driven to despair."

The tiny republics have virtually no control over their economies. Rising costs of essential imports and shrinking prices paid for their coffee, cotton, banana and meat exports are determined abroad. The slump in demand has battered intraregional trade in the few industrial products they sell. Foreign bankers are reluctant to add to a debt that is already beyond the region's capacity to repay.

A sign of Central America's despair is that during the past 12 months every country except Nicaragua turned to the International Monetary Fund for help. Nicaragua refused to do so only for political reasons but was no less hard pressed — and accepted greater austerity in exchange for standby credits.

Even the hope of emergency financial relief from foreign governments has waned in recent months. Despite the enormous international attention given to Central America's political struggle, its economic crisis has been largely ignored abroad and foreign aid levels remain low.

The \$200 million in assistance given by Washington to El Salvador last year exceeded the total aid provided to the rest of the region, but its primary objective was to ensure the Salvadoran junta's political survival.

No common economic approach has been forthcoming. The Reagan administration says that only the private sector could rescue the area's economies, while Canada, Mexico and Venezuela argue that government finances must first be strengthened. Canada is therefore increasing its direct aid, while Mexico and Venezuela are each providing about \$375 million a year.

The United States has now drawn up its own policy. President Reagan is soon to propose to Congress a U.S. program for the Caribbean Basin comprising creation of a "one-way" free trade area, fiscal incentives and guarantees for U.S. private investment in the region and a modest increase in direct aid.

But it is expected to have little short-term impact on Central America's crisis. An experienced U.S. diplomat described the aid component as "too little, too late."

The formulas they are offering are completely inappropriate for a country like ours," Mr. Carazo said of Costa Rica. "Free trade and greater private investment are very welcome, but it would also be logical to aid the public sector at a moment when our crisis is the result of paying high prices for our imports and receiving low prices for our exports."

Despite their deep political differences, the six countries of the region reached agreement on a common position to be presented to the sponsors of the Caribbean Basin plan. In it they called for \$5 billion in emergency aid and \$15 billion in long-term development assistance by 1990.

But since such vast sums are unlikely to be provided by foreign governments, international organizations or private banks, further contraction of economic activity and government spending — with predictable social and political repercussions — seems unavoidable.

Nowhere has the impact of the world recession been felt more strongly than in Costa Rica where, despite an entrenched tradition of democracy and social welfare that has long been the envy of the rest of Central America, the economy has proved no less vulnerable.

The rise in world oil prices and drop in world coffee prices in 1979 meant that earnings from Costa Rica's main export were soon spent entirely on imported energy. For a while, the government covered its widening balance of payments deficit with new foreign loans, but when interest rates rocketed last year, it could neither meet its debt service obligations nor raise new credits. Last month, the government said it owed \$2.6 billion abroad and had \$5 million in the central bank.

The results have been disastrous. The country's currency collapsed from 11.6 U.S. cents to the colon to 2.5 cents in 18 months. Inflation in 1979 jumped by more than 60 percent, unemployment tripled to 15 percent, dozens of factories closed for lack of imported raw materials and the welfare state struggled to survive.

Public attention is riveted on the presidential elections Sunday. But labor unrest is already on the rise and, with no end to the recession in sight, political stability could be gradually eroded.

Throughout the region internal and external economic forces seem likely to determine its future as the more dramatic political struggle. At present, countries with different political models — Honduras' new democracy, Nicaragua's revolutionary regime and Guatemala's rightist military dictatorship — are all facing similar financial problems that no ideological handbook can answer.

In July, 1979, Sandinista guerrillas ousted Nicaragua's Somoza regime and inherited not only a war-damaged economy but also a \$1.6-billion foreign debt that it was forced to honor — and renegotiate — in order to raise new loans. Its debt now stands at \$2.8 billion and, despite \$100 million in credit from Libya last summer, it has reached its borrowing limit.

In El Salvador and Guatemala, the economic crisis is being aggravated by — and is also feeding — political violence. Many wealthy businessmen have fled abroad with their savings, and private investment has ceased.

One irony is that, while economic stagnation has become a major political headache, it was the region's rapid, though unbalanced, economic growth in the 1960s and early 1970s that first began to undermine the political systems of much of the isthmus.

The creation of a Central American Common Market in 1961 stimulated foreign investment in light industries and assembly plants in most capital cities but principally in San Salvador and Guatemala City. These gave birth to a first generation of industrial workers and expanded the urban middle class, which began pressing for social reforms and democracy.

In the countryside, where the peasantry was traditionally coerced into supporting rightist parties at election time, the political balance was disturbed by the introduction in the late 1950s of cotton plantations and cattle ranching, both of which required large extensions of land.

Not only did powerful hacienda owners "steal" communally owned land, but rising birth rates added to population pressures on existing peasant plots. By the mid-1970s, peasants in many areas — though, again, notably in El Salvador and Guatemala — were ripe for organization by leftist militants or activist Catholic priests.

Thus, while the region's economies were growing annually by 6 percent or more, the new wealth was concentrated in few hands as the poor became poorer. And when inflation appeared as a permanent phenomenon after 1975 and most rural and urban wages remained frozen, political agitation grew.



Salvadoran peasants undergoing military training at school run by the guerrillas where they also take political courses.

Training School for Salvador's Rebels Blends Marxist and Military Thinking

By Raymond Bonner
New York Times Service

ZAPOTAL, El Salvador — Twenty-four peasants were receiving their first formal military training near here as members of the sixth class of the Farabundo Martí National Liberation Front's military school for the Eastern Front.

The peasants were also being introduced to Marxist principles in the school, where political courses are an integral part of the curriculum.

The purpose of the school is to consolidate the peasants' political, ideological and military thinking and to develop military commanders, explained the school's director, Orlando Rodríguez, 31, who said he graduated from the seventh grade and joined the revolutionaries in 1974.

For more than a year these poorly equipped peasants, with whom this reporter walked and lived for two weeks in the northern mountainous region of Morazan province, have engaged in combat with an army that has received helicopters, weapons and training from the United States.

In recent weeks, they have overrun military posts throughout the country, apparently in preparation for attacks on larger military garrisons before the national elections scheduled for March in which the revolutionary forces are not participating.

Revolutionary Definitions

At the military school, the students, who included two Hondurans, were sitting on crude benches on the patio of a four-room adobe that is now the revolutionaries' military school. Comdr. Rodríguez was explaining El Salvador's social-economic structure as the revolutionaries see it.

On a chalkboard he had drawn an inverted pyramid. On top were the names of several of the country's wealthiest families, grouped under the category, "oligarchy." Further down were the "rich peasants" — those who owned cars and cows — followed by "daily farm workers."

Among the titles of the political courses are: "Democratic Centralism," "Strategy of the Revolutionary War and the Taking of Power" and "Bourgeoisie."

Proposed subjects for themes, which the military students write in notebooks, include: "What Is Marxism," "How to Ambush the Enemy," "What Ought to Be the Qualities of a Revolutionary," and "Explanation About the Fight of 1932," a reference to the Communist-led peasant uprising in El Salvador in 1932 when about 30,000 peasants were killed, one of whom, Farabundo Martí, gave his name to the guerrilla army.

But most of the guerrillas have gained their military experience in combat during the past year.

"We must learn from our successes as well as our failures," Jonas, the senior military commander in Morazan, told several hundred peasant soldiers and civilians gathered in a field to honor the 75 combatants who died in battle in Morazan in 1981.

Few of the peasants who make up the combat units in the Eastern Front are older than 24 or 25, and about 80 percent are 18 years old and younger, according to Licho, the 21-year-old comandante in charge of military operations in Morazan province.

A peasant who attended school only until the second grade, Licho received his military training in the Salvadoran Army. In this respect, he is like many of the Farabundo Martí field commanders.

Goya, 24, who like all the guerrillas uses only a single name, said he served in the regular army 20 months in 1976-1977. Asked what rank he was when discharged, he said "a sad soldier." In 1978, he said, Salvadoran soldiers killed his mother, father, sister, who was eight months pregnant, brother and his brother's two children, who were one and two years old.

A War of Movement

Another company commander, Che, 29, was in the army in 1972-1973. A native of Morazan with a sixth-grade education, he has two younger brothers who are also guerrillas. His father works in a production brigade that supports the guerrillas, he said. He has not seen his wife and daughters, aged 2 and 4, since they fled to a refugee camp in Honduras two weeks before Christmas in 1980.



A young rebel getting ready for battle.

"The military instruction is good, but the ideology is bad because it's against the people," Licho said when asked about his experiences as a government soldier. "They don't teach to respect the human rights of the people."

The military leaders in this zone, which is considered the strongest militarily of the four Farabundo Martí zones, described their strategy now as a war of movement, not positions.

When attacked, their objective is to minimize losses. Their goal, they say, is not to protect or hold any specific territory, except where their radio station, Radio Venceremos, operates. It is to defeat the enemy. They will do that, they say, by exhausting the government's soldiers physically and mentally.

"He turns to his officers and asks 'Where are they?' The officer has to say 'I don't know.' It's very demoralizing."

Offensively, the revolutionary strategy is to attack small government outposts, which are located in villages. The objectives of these missions, the leaders say, are to obtain weapons and military supplies and force the government troops to abandon the posts. With the government's troops gone, the revolutionaries say they can buy food and supplies, such as flashlight batteries and plastic canteens. And they move closer to larger military garrisons they plan to attack, such as the one in San Francisco Gotera.

Pincer Operation

Nationally, the plan is to gain control of the countryside, maintain the mobility of small units, then slowly surround and strangle the main cities, such as San Miguel and eventually San Salvador. The military leaders here contend they have the capability now to overrun the army units in Gotera and San Miguel. They do not do so, they say, because they fear the air force would stage bombing raids against civilians.

During the government's 13-day operation in this zone in December, the guerrillas say nine of their men were killed. They accuse the government troops of killing more than 733 civilians, but they say about 3,000 civilians, primarily women, children and old people, slipped through the government's pincer operation.

"We found ourselves surrounded," said Nolfo, 28, who abandoned his farm and joined the

revolution two years ago. He is now commander of 200 people who work in an agricultural production brigade in Morazan.

Drawing in the dirt with a stick, he showed how he led a column of about 1,100 peasants through government lines. The column, which included women in their 60s and dozens of infants, walked eight days, usually at night, while helicopters and small planes fired at them. He said the peasants, who had only five rifles, survived on water, sugarcane and a small piece of corn tortilla each day. His column suffered no casualties and one woman gave birth, he said.

In another fleeing column, led by a 39-year-old North American who has been in the front since March, two women gave birth. He said one named her son Farabundo Martí; the other, her daughter Liberty.

"No modern technology, no American adviser can admit that a peasant woman will walk for days, give birth, then walk more," one rebel leader said. "That's why we'll win," he added.

During operations in 1981, guerrillas in Morazan captured 49 government troops, said Jonas, the senior military leader in the province. He said 38 had been released, six chose to join the revolution and five, captured a few weeks earlier, were to be freed in a few days.

Tried for Release

Jonas said the guerrillas have tried to arrange for the release of all prisoners, including those captured in other fronts, to the International Red Cross. The Red Cross representative in San Salvador explained several weeks ago that the Salvadoran government had declined to allow the Red Cross to intervene. He said the military officials feared that more soldiers would surrender if they knew they would be turned over to the Red Cross.

"Many of us wanted to kill" the prisoners "because the enemy soldiers have killed so many peasants," said an 18-year-old combatant. But, he added, Jonas and the other commanders had ordered that prisoners not be harmed.

Jonas offered two motivations for treating the prisoners well. First, he said, when word that prisoners are not tortured reaches other soldiers it is hoped that more will surrender, thus bringing more arms to the revolutionaries. Second, he explained, after the war the revolutionaries wanted to integrate its troops with the regular army. Thus, they want to minimize the ill-will being generated during the war.

Fifty Salvadoran soldiers captured on Dec. 29 in Guacamaya said they had been told by their officers they would be tortured and killed if captured. But they said they had been treated well. One 15-year-old had been in the army less than four months, he said; a 25-year-old medic said he had been a soldier for five years. Their guards were sitting about 30 yards away while the prisoners were interviewed.

Smiling and appearing in good health, the prisoners said they had been given civilian clothes when their uniforms were taken. They said they were fed the same meals of tortillas and beans or meat that the revolutionaries ate.

They said they were worried about being released because they knew of other soldiers who after being released had been killed by Salvadoran soldiers. Thus, they said they had asked Jonas to escort them to an area near their homes so they could return to their families without the army knowing. One said that after visiting his family he would try to go to another country. Another said he was thinking about returning to fight with the rebels. Three others said they did not know what they would do but they did not want to return to the army.

"Even though the enemy has planes, bombs, more powerful weapons and American advisers, we will win because we have the support of the people," said a 19-year-old platoon commander. He added that the army soldiers are fighting because "they are paid to, are obligated to." The peasants are fighting because they want to, he said.

His assessment that victory will come because the revolutionaries have the support of the people was heard frequently, from front-line combatants to senior commanders.

"We're ready to negotiate, to seek a political settlement, so that fewer people will be killed," said Licho, recovering one morning after an attack on a military post in Joacitque. "But the enemy doesn't want one. So the only way is to continue fighting."



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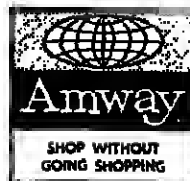
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Eileen Paisley Takes The Cause to the U.S.

By Paul Hendrickson

WASHINGTON — Her husband, the Rev. Ian Paisley, Protestant leader in Belfast, has been called by his enemies the "clergyman in jackboots," the "bloated bullfrog," the "Devil incarnate." Those are some of the kind things a year or so ago a writer for The Atlantic Monthly called him a "porcine, hysterically fountained brawler." To his friends he is "the good doctor." So what can Mrs. Paisley be like? Every morning they both go to his office, she says. She is his chief mail sorter. But they don't go together. Her husband goes in a police car, she drops the twin boys off at school. Sometimes, going out the driveway, she sees the Roman Catholic priest who lives just across the avenue. "He'll blow the horn of his little car, we're quite friendly." That night around the dinner table, one of the children might bring up what everyone simply calls The Troubles. "It comes up," Mrs. Paisley says with a sad little shake of her head, twisting a demure gold wristwatch. "The telly is usually on, and of course we're always waiting for news reports."

And then, as if she were really talking to herself, "I wish our lives could be like what they once were."

So recently, while her husband sat up in Canada, denied a U.S. visa because his visit is thought not to be in the interests of the United States, a buxom, graying, bird-voiced, middle-aged lady, with a triangle of hanky in her right hand, came to face the lions of the National Press Club. If her husband is the "monster," his critics portray, Eileen Paisley is not. If Ian Paisley is a demagogue and firebrand, his wife seems merely an Irish mum with gray pumps and a modest dress and disarming friendliness.

Eileen Paisley polished her silver spectacles. She poised a glass of ice water at her lips and drank modestly. She held a fork in her left hand and a knife in her right, delicately through a plate of greens and soggy-looking beef. She smiled out at a floor of ravenous scribes as if they were a church choir.

Then she got up to read her husband's speech. She delivered it just as he had written it. She is a housewife and mother and not a political leader, though she has served on the Belfast city council. She read the speech quietly and determinedly and a little nervously. She let those with her answer the questions. In the speech, the wife of Northern Ireland's most militant Protestant leader said things like this:

"What the IRA cannot attain by the ballot it seeks by the bullet."

"We come to North America today to explode the IRA-spawned myth that Ulster is British by compulsion rather than by choice, and that the IRA are gallant freedom fighters rather than cold-blooded terrorists."

When she reached a point in the text about the death of Robert Bradford, Protestant member of the British Parliament who was killed in Northern Ireland in November, her voice thickened and her eyes welled and she looked down the podium at Bradford's wife, a pretty young woman, perhaps still in her 20s, who had come to the United States to be with Mrs. Paisley and the entourage of MPs. Mrs. Paisley knew Robert Bradford well. "Norah Bradford would not be here today in place of her late husband if he had not been savagely murdered by the IRA," she said. The tone seemed out of sync with the words, though you wouldn't have questioned whose side she was on.

Afterward, in a room off the press club's ballroom, she faced a police, nanny, hard-charging, British TV reporter. What about those who say you're religious bigots? the reporter wondered while the cameras rolled.

Didn't think she was a bigot, actually, she said.

You've come in your husband's place. Seems a bit of a publicity stunt, the TV man went on.

Didn't think it was, she allowed. On the way you explain the violence, the reporter persisted. "Sounds like a bit of a whitewash."

"Well, I don't think so."

Afterward she said: "I suppose they want to bring the worst out of you."



Mrs. Ian Paisley talking to Washington reporters.

The religious hate has gone on since William III of Orange defeated the Catholic King James in 1690. "Orangies" against the wearing of the green. There are a million and a half people in the north of Ireland, and the majority of them are Protestant, loyal to the British crown. As Eileen Paisley's husband proclaimed to a crowd of 10,000 outside the city hall of Belfast a few weeks before Christmas: "We are not going into an Irish republic, ever, never, never. It will be over our dead bodies."

In her husband's absence, Mrs. Paisley and her delegation came to Washington to try to advance the cause of the Unionists. The Protestant point of view is that largely unknown U.S. sympathizers have long been funding "IRA" terrorism. Funds and even arms have been obtained in the United States for the use of Republican terrorism, they say, Mrs. Paisley and the MPs and Robert Bradford's widow came to try to "put an end to this

funding of Communist-linked terror." Unfortunately for their cause, the three most powerful and influential Irish-Americans in Congress — Edward Kennedy, Daniel Moynihan and Tip O'Neill — have refused to see them. "Even so much as an acknowledgement," one of the MPs said.

Ian Paisley once tried to board the Rome-bound jet of the Archbishop of Canterbury. He was in London. Later, Paisley said the archbishop was "slobbering on his slippers" by calling on the pope.

"Well, yes, he did say that," Mrs. Paisley said. The press everywhere is forever reminding her of things her husband has said. "But at home he's quite gentle and sweet. You should see him. Doesn't drink or smoke. Likes to watch westerns."

France Boosts Aid for Music, Dance

International Herald Tribune

PARIS — As part of a bid by the Socialist government to invigorate the French arts, the Minister of Culture, Jack Lang, announced Wednesday a 67 percent increase in the government's budget for music and dance this year.

Lang, who has publicly echoed complaints in France about the inroads of American entertainment, refused to rule out a quota system rationing imports if the new government incentives fail to revive consumption of France's cultural products.

Although government support for music and dance has increased considerably since the creation of a specialized department in the Cultural Ministry under André Malraux 15 years ago, the funds made available in the first Socialist budget mark a bid for a major expansion throughout the country.

The new funds — approximately \$63 million more than last year — will subsidize creative efforts in both serious music and popular entertainment, expanded stress on the arts in the provinces and also a broad program to improve musical education in French schools.

Lang, at a press conference after a French cabinet meeting, said the government is seeking to "rehabilitate" popular arts in France and also to "regain control of France's cultural industries which are being lost to the multinational corporations."

New government subsidies will stimulate French musical industries including the manufacture of instruments and the production of records and musical publications.

Asked whether France might seek to curtail the use of foreign music and films, Lang said he hoped that "positive measures" would strengthen the appeal of French music. Otherwise, he said, the government would consider imposing quotas on foreign entertainment on the government-controlled media, as sought by some French promoters.

Meanwhile the Ministry of Culture issued a communique Wednesday publicizing Lang's participation in a series of French cultural events in the United States this month. They include a complete cycle of Beethoven symphonies at Carnegie Hall by the Orchestre de Paris conducted by

Daniel Barenboim and a major retrospective of the French painter Yves Klein opening today in Houston.

The Klein show, the commune said, was an opportunity for French art to break into the art market in Dallas and Houston.

Among the items announced by Lang and Maurice Fleuret, the new director of music in the ministry, were:

- An increase of 37 percent, to \$40 million, in the operating budget of the Paris Opera in 1982. Lang also said that details of a plan to construct an additional house for the Opera would be announced next week by President Francois Mitterrand; asserted that the Salle Favart, the former Opera Comique, would be reopened this year; and said that negotiations were continuing with Rudolf Nureyev

for the post of ballet director of the Opera.

- A stress on regionalizing music and dance activity and education. The budget in this sector was almost tripled over last year, and Lang emphasized that there would be less central control and more encouragement of local and regional initiatives.

- A new emphasis on jazz and other forms of popular music. Lang said that under the new government the popular arts would be equal to all others. Projects include the creation of four regional centers for French chanson and a theater for popular music in the Paris suburbs.

- A budget of \$4.5 million, eight times that of 1981, for new and existing centers of contemporary music, research and commissions. Lang said that the compos-

ers Pierre Henry, Iannis Xenakis and Jean-Claude Eloy would be among those in charge of new projects. Xenakis and Eloy have been prominent critics of what they consider excessive public funding of the IRCAM music research center, created under former President Georges Pompidou and headed by Pierre Boulez, whose name was not mentioned at the press conference.

- The creation of a French youth orchestra, similar to those in Britain and other Common Market countries, and a new organization for the Orchestre de Paris, which is subsidized by the state and the city of Paris, to make it a "real national" orchestra.

- The creation of a new national dance conservatory based in Marseilles and under the direction of Roland Petit, director of the Ballet National de Marseilles.

Publisher Taps 'Travelers' Market

By Pamela G. Hollie

New York Times Service

SINGAPORE — Hans Johannes Hofer's passion for travel took him to places many people only dream of going to. He has seen the sunset from the summit of one of the world's highest peaks in the Hindu Kush mountains, visited hill tribes in Malaysia and lived in a village in Bali.

In 1970, he and a couple of friends started APA Productions Ltd. and began publishing books about the places they had seen — glossy paperbacks that cost too much to be considered tourist guides, were too heavy for backpackers, too literary for many tourists and too small to pass for coffee-table books. They sold anyway, about one million copies.

By publishing standards, APA, which has its headquarters in Singapore, is still very small. It has a staff of 30, and its sales in 1981 amounted to about \$1.6 million. But in the last two years, with the establishment of the APA photo agency, which expanded the company's business into contract photography, audiovisual services and brochure design, production and printing, APA has become a profitable little dream machine.

Hofer realized that the hundreds of pages of research and

thousands of photographs that did not go into the books would be wasted unless used in some other way. So APA formed the photo agency to provide customers such as the Hong Kong Tourist Commission and Singapore Airlines with color photographs of exotic places.

Now looking for new markets, APA's wanderers-turned-executives are talking about extending their range to the United States and Europe. "By 1983, we expect to have an editor for Europe and the Mediterranean," said Hofer, who is German.

APA's office in the United States is in Honolulu. Until recently, Hawaii was the only state that had its own APA guide. Now in its ninth printing, the Insight Guide Hawaii, which came out in 1980, has sold 105,000 copies. But Hawaii has the advantage of being exotic, like the sites of APA's other guides — Thailand, Bali and Burma — and places where guidebooks are planned, Nepal and Sri Lanka.

For its first book on an American state other than Hawaii, APA chose Florida. After 10 books on Asia and one on Hawaii, Hofer thought it was time to try APA's style on one of America's largest tourist markets. A thick pink guide was produced, with everything a traveler might want to know about Florida. "We are treating Florida like a country," he said.

"Forty million people go there every year," said Hofer, who estimated that, compared with Burma, where only 30,000 people are admitted on seven-day visas each year, Florida offered a good

chance for success. The Burma book, in print for about six weeks, has already sold 12,000 copies.

Most of APA's books break even at about 25,000 copies. Last year, the company printed more than 300,000 copies of its books.

APA fills an unexpected void in the publishing world of travel guides. "We did books for a certain kind of person and ended up selling to others," said Hofer, whose first book on Bali was written for people like himself, the traveler not the tourist. The difference, Hofer believes, is that tourists want to know how to get there and travelers want to know why they should go.

But APA's sales have depended on neither. The first book on Bali was a success because Intercontinental Hotels, which lent Hofer \$30,000 to produce the book, used it for promotion. The Hawaii book was also instantly profitable when a Hyatt hotel bought the first run of 25,000 books.

Each guide has at least 300 color photographs. Writers and specialists in local folklore and history write the text, and an editor brings it together. Every year or so, the guide is updated. The Bali guide is now in its ninth reprinting.

For exotic places, the APA combination of Rolling Stone magazine and The National Geographic worked well. It is a style that European readers seem to enjoy. But the American audience is still a question.

Of his Florida publication, Hofer said: "We don't know if it will work; we will just have to give it a try. Just in case it does, APA has already begun work on its next state guide, on California."

Idle's 'Pass the Butler': The Pass Is Incomplete

By Sheridan Morley

International Herald Tribune

LONDON — Eric Idle's "Pass the Butler" (at the Globe) is a stage farce in much the same way that "The Wizard of Oz" was a documentary about midwinters; there are certain moments when it fleetingly fits the description, but by and large, Idle seems to know about as much of play construction as the late great Ben Travers knew of oryctacynic blowpipes. Which is more than a pity, because on this evidence alone Idle is a very funny man who, if he could have gone the distance, might have come up with a very funny play.

He is the "Monty Python" television satire alumnus still perhaps best-known as the nudge-nudge-wink-wink-say-no-more man; but one of the problems with that kind of tele-sketch background is that it trains you to think in short, sharp 10-minute sequences, which is why roughly six times an hour in "Pass the Butler" the dialogue grinds to a total standstill and has to be cranked up again in some totally different direction.

The plot, meanwhile, seems to have been dreamed up by some unholy alliance of Joe Orton and Agatha Christie. We are in a state home dominated by a coffin-shaped life support machine within which lies a cabinet minister. His wife and children have gathered around for the formal ceremony of switching him off, electricity costs being what they are, when a bizarre offstage accident causes the sudden death of the prime minister. The man, or, as it later transpires, woman, on the machine is thus now leader of the nation and for the first time in the island's history an emergency cabinet has to be formed by an emergency cabinet.

So much for plot, which is not here a prime consideration. What Idle likes best are the jokes, and in pursuit of them he will take his play and players more or less anywhere. An elaborate family game of totting up newspaper-reported deaths is played at some length largely to get us to a punchline ("When Scandinavians fail to commit suicide there really is something rotten in the state of Denmark") which turns out to be only just, as Michelin would say, worth the detour.

There is, it's true, something very endearing about a character arriving on stage to announce "Sorry I'm late. It's a fine morning so I was out exercising my discretion," and something even more endearing about a stately home being knocked down by a wave of nouveau-riche owners to make way for a cherry orchard. But it would have been nice to have had a play as well.

What we do have is the ineffably jolly stage presence of William Rushton who (in his West End debut) manages to transport us back 20 years to the days when actors like Wilfrid Hyde White and David Tomlinson and, dare I say it,

my father Robert Morley, would regularly arrive on stage in theatrical vehicles which had somehow broken down in the wings or on the typewriter, and then proceed to reconstruct in full view of a delighted audience. His presence is somehow immensely reassuring, never more so than when he peers expectantly offstage, presumably in the hope that somebody might be sending in a playwright. His stage builder is played with considerable eccentric suavity by John Fortune, which means that two leading players and the author all come from strong tele-satire backgrounds, thereby creating immense problems for the rest of the cast.

In any other production of a knockabout romp like this, the conventional turn offered by Peter Jones as a demented police inspector would be perfect; here it somehow seems very over the top, performed as if for deaf people watching through telescopes. It is not that he is overacting; it is that years of exposure to a very close camera, often in only semi-scripted situations, have given Rushton and Fortune a kind of informal jolliness which makes acting look somehow unnecessary.

In Birmingham, the Youth Theatre has been celebrating its 10th anniversary with a courageous if strange compilation of Bill Naughton's prose writing about his Bolton childhood in the 1920s; strange first because the material is not, until the last, very dramatic, and second because it cannot be easy for a group of Birmingham teenagers from the '80s to think themselves back into the community spirit that formed Bolton 60 years ago.

Nevertheless, Derek Nicholls' production, involving a cast of 30 from the group he founded 10 years ago, finally vindicates the choice of "The Goalkeeper's Revenge" as an anniversary production (it goes next to the Midland Arts Centre, March 1-5). Though the teenagers have a little initial difficulty with the Bolton dialect, and still more in finding their way through the haze of adult nostalgia that conditions Naughton's writing about his childhood, they gradually arrive at a corporate style which manages to weld a disparate collection of short stories and extracts from novels and biographies into something approaching a really good commercial.

What is most impressive about "The Goalkeeper's Revenge" is that this production has clearly involved all its cast in a lot of thought about the nature of Naughton's childhood and the characteristics of a lost world; the Bolton '20s do not on the surface have a lot to do with the Birmingham '80s, and yet thanks to some strong performances the two worlds are brought together across 60 years and a 100 miles or so. The Midlands have a Youth Theatre to be proud of.

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Two controllers are required, one for Saudi Arabia and one for Iraq. Reporting to the Area Managers, they will be responsible for all accounting operations within their area together with provision of financial advice to general management. Ref: 2045S/IH (Saudi), 2045Q/IH (Iraq).

Applicants for all positions must have a professional accounting qualification or a degree as well as 10 years accounting experience including periods both in senior appointments and in the construction industry. An understanding of data-processing would be an advantage and preference will be given to candidates with a knowledge of Arabic.

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Saudis Cut Oil Output, Sources Say

Low Spot Prices Seen
As Cause of Reduction

By Thomas Thomson

BAHRAIN — Saudi Arabian oil output last month slipped to just under 8 million barrels daily from the kingdom's 8.5 million ceiling in force since last November, informed industry sources in the Gulf said Wednesday.

Saudi oil ministry officials were not available to comment. But the sources said low prices for crude on the open market had made companies reluctant to pump too high a volume.

Quotes on the free market for Saudi light crude fell on Tuesday to a dollar below the official \$34 price. The U.S. companies Exxon, Tesco, Standard Oil of California and Mobil that ship the bulk of Saudi oil use the free market to unload surplus volumes.

Saudi Oil Minister Ahmed Zaki Yamani has said the kingdom plans to formalize output cut to assist other exporters hit hard by the present world glut. But he has also said it is prepared to let output drop under market forces.

Analysts say a Saudi output cut on the scale reported to have occurred last month will probably not do much to ease the plight of the most hard-pressed members of OPEC.

Industry sources say Algeria, Libya and Iran together probably want to sell at least 1.5 million barrels daily more than they are able to market now. Kuwaiti sales are also down.

The Middle East Economic Survey, an authoritative Cyprus-based oil newsletter, estimated this week that total OPEC output was down around 20.6 million barrels daily in January, from a peak of 31 million in 1979.

Gulf oil analysts said that with the Northern winter almost over demand was unlikely to pick up immediately.

Threat to Prices
The world glut is threatening OPEC's price structure. OPEC ministers are not scheduled to meet again until May 20 in Quito, Ecuador, but some analysts believe the exporter group may have to hold emergency talks before then to adjust prices downward on some grades.

Official prices are already being eroded by some exporters offering hidden discounts.

London market experts say Britain and Iran are weak links in the world oil pricing structure.

Crude from Britain's Forties Field in the North Sea has traded on the free market around \$3.25 below the official rate for contract sales of \$36.50 a barrel, set by the government's British National Oil Corp.

Industry sources said companies are weighing whether to press BNOOC for an official price cut.

They think they might get a reduction of up to \$1, although BNOOC, backed by the Treasury, will argue that spot quotes should not dictate long-term contract prices.

However, a U.K. price cut would intensify pressure on OPEC exporters of similar low-sulfur crude.

Meanwhile, London-based buyers say Iran, needing revenue for its war with Iraq, is struggling to boost sales from around 600,000 barrels daily to a target closer to 1.5 million and has resorted to inviting reluctant customers to ship spot cargoes at a discount rather than sign long-term deals.

They said Iran so far seems to have had few, if any, takers among key Japanese buyers, and oil companies await its next move.

Egyptians See 30 Billion Barrels
CAIRO (UPI) — Drillers in Egypt's western desert have discovered a "huge oil reservoir" containing an estimated 30 billion barrels, enough to supply the nation's needs for 17 years, a Cairo newspaper has reported.

The report by the newspaper Al Akhbar on Shell's exploration raised hopes that the previously unproductive area could become a center of production in the future.

Early estimates of petroleum reserves in Egypt's latest oil find run at 30 billion barrels, Al Akhbar said. "This huge oil reservoir beneath the find, known as 'Badr Eddin 1' would cover Egypt's oil needs for the next 17 years."

Shell had announced Monday its find was of commercial quality, and told the Egyptian Petroleum Authority the first test-well was producing nearly 6,000 barrels of light crude daily.

The latest discovery is located in a region that was known only to contain a handful of minor oil fields. The major Egyptian fields are in the desert east of the Nile Valley, mainly along and off the shores of the Gulf of Suez and the Red Sea.

Venezuelan Cut on Fuel Oil
NEW YORK (Reuters) — Venezuela has lowered the price of high sulfur residual fuel oil, sources here said.

They said Petroleos de Venezuela, effective Tuesday, reduced its minimum sales prices on number six fuel oils with sulfur levels of 1.5 percent and higher by 25 to 94 cents a barrel and left prices for the lower sulfur fuels unchanged.

SAS Sets New Ground Rules for Survival

By R.W. Apple Jr.

New York Times Service

STOCKHOLM — Last year, every employee of the Scandinavian Airlines System was given a 50-page booklet with bold red cover, printed in large type and illustrated with cartoons. At first glance, it looked like a comic book.

But its intent was serious, and its message somber. SAS, the international airline jointly owned by the Swedish, Danish and Norwegian governments, was in big trouble: After 17 profitable years in a row, and despite continuing earnings from hotels and other sidelines, it had lost money two years running — \$14.9 million in the fiscal year ended Sept. 30, 1980, and \$9.1 million last year.

Jan Carlzon, 40, the former tour operator who is the chief executive officer of SAS, and president of SAS Group, exhorted his employees on the booklet's cover, "Let's get in there and fight."

Inside, he said the airline would not survive unless it learned to be more like the "street fighters from the rough-and-tumble American domestic market such as Delta."

Mr. Carlzon ended his pitch to the staff with an unorthodox assertion in a company that had always considered its airplanes its most valuable property: "Bear in mind that the only really valuable asset we have is a truly satisfied customer."

But unlike the bosses of other carriers that have found it hard to make a profit in the era of high fuel prices and cutthroat competition, Mr. Carlzon proposed to huge staff cuts. Instead, he replaced 13 of 14 top executives and invested \$24 million to build a new kind of service.

"We decided to look upon our costs as resources that, if well used, can give us more income," he said in an interview.

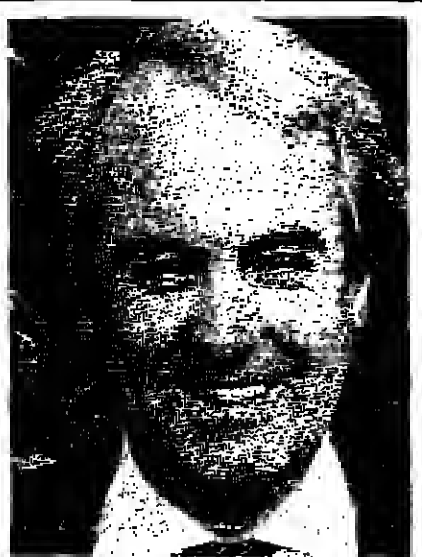
"We had to stop being a passive book-keeping agency and start going out to find customers, and the customers we needed more were the ones this company was originally organized to serve — the business travelers from our three home markets."

When Mr. Carlzon took over, half the business travel market in Scandinavia was in the hands of its competitors, and he invested something called EuroClass to try to draw some of it back.

He stretched to the limits the rules set down by the International Air Transport Association by providing 34 inches instead of 31 inches between seats, by giving business passengers separate check-in counters (and guaranteeing they would never wait more than six minutes), by giving them free drinks, special lounges and a special business magazine, by letting Euroclass passengers embark last and disembark first — and by giving them all this for the usual economy fare, without the surcharges other European airlines had imposed for their new business classes.

"The only way you can make money in the kind of zero-growth market we may face in some of the years immediately ahead," Mr. Carlzon said, "is to take business from your competitors. The only way you can do that is to give people better service, almost to force them to ask for an SAS flight instead of simply any flight."

"Once we have EuroClass established, we can go out and sell cut-rate tickets, without all these boring restrictions, to people who want a cheap service, with no fear that businessmen will decide to sit in the cheap, low-service seats."



Jan Carlzon

There were other changes as well. He increased the number of employees in sales offices and at airports because, in his view, a previous program of reducing staff had resulted only in cutting costs "in the (Continued on Page 9, Col. 3)

BUSINESS NEWS BRIEFS

Belgium, Banks Agree on Cockerill Steel Aid

BRUSSELS — The Belgian government said Wednesday it reached agreement with the country's four main banks on a new financing package to help steel group Cockerill-Sambre manage its financial difficulties.

Ste. Générale de Banque, Cie. Financière de Paris et des Pays Bas, Groupe Bruxelles Lambert and Kredietbank agreed to supply new credit for a total of 9 billion francs (\$226 million) on a medium-term basis, while maintaining their existing credit lines to the group at current levels, Finance Minister Willy de Clercq said.

The agreement follows lengthy negotiations on guarantees for the credits, and Mr. de Clercq said the state gave its guarantee to the new loans and to 9 billion francs worth of short-term credits. The four banks are among 22 private banks owed money by Cockerill-Sambre, whose debts now total \$4.2 billion francs, most of them short-term. The new 9-billion-franc credit, to be added to this total, will be for five to seven years at a variable interest rate, Mr. de Clercq said.

Hiram Walker Considers Suit Against Davis Oil

TORONTO — Hiram Walker Resources is looking at the possibility of legal action against Davis Oil and alleging misrepresentation in the purchase of Davis' U.S. oil and gas assets last March, William Wilder, chief executive officer said Wednesday.

Speaking to reporters following the annual meeting, Mr. Wilder said a preliminary evaluation study indicates the company now has only proven reserves of 83 billion cubic feet of natural gas rather than 113 billion cubic feet it thought it had after the Davis properties were purchased. He said proven oil reserves now stand at about 8.2 million barrels from 10.4 million barrels.

He said Mr. Wilder said a writ of approximately \$175 million against earnings will likely be in the second quarter of fiscal 1982.

Lalonde Confident Alsands Will Go Ahead
OTTAWA — Energy Minister Marc Lalonde said Tuesday despite the decision to quit by two partners in the Alsands tar sands consortium he is confident the project will proceed.

Amoco Canada Petroleum, a subsidiary of Standard Oil of Indiana, and Chevron Standard, a subsidiary of Standard Oil of California, announced Monday they were leaving the consortium. Mr. Lalonde told Parliament it was recognized when Ottawa, the Alberta government and the Alsands consortium were negotiating pricing and taxation terms that weaker partners might leave because the two governments could not meet their demands.

In Calgary, Neil Stewart, Amoco's vice president for marketing and corporate affairs, said Tuesday the remaining members of the consortium could face a "financial bath" if forecasts of future inflation rates and the world price of crude oil proved inaccurate. Mr. Stewart said there was practically "no chance" of the participants ever receiving the 21.5 percent return on investment the federal government offered the consortium in a package of financial concessions.

Klöfner-Werke Group Turnover Falls 3.3%
DUISBURG, West Germany — Klöfner-Werke said Wednesday its world group turnover fell to 6.29 billion Deutsche marks in the year ending September 1981, 3.3 percent below the previous year's 6.50 billion DM.

Foreign sales rose 6.0 percent to 2.43 billion DM from 2.29 billion DM a year earlier. Crude steel production fell 12.7 percent in the period to 4.79 million metric tons after 5.49 million in 1979-80, the company said.

World group sales of specialist machinery rose 22 percent to 1.26 billion DM from 1.04 billion DM the previous year, it added.

£100 Million Barclays Issue First Corporate in Decade

LONDON — Barclays Bank said Wednesday it is issuing £100 million loan stock — the first corporate U.K. domestic bond in some 10 years, bond market sources said.

Barclays said its £100 million of 16 percent unsecured capital loan stock due 2002-2007 is 25 percent payable on Feb. 9, with the balance due by April 30.

The bank is issuing the stock to fund its domestic and overseas expansion plans, said Jonathan Scott, a director of Barclays Merchant Bank. It saw the need to expand its long-term capital base and decided to issue debt rather than equity because its shares are undervalued in terms of its assets, he added. He also pointed out that the group's capital structure is relatively undercapitalized.

Mr. Scott said it was wrong to read any particular attitude to interest rates on the part of Barclays into the decision to issue the loan stock. The money raised through the loan stock will be only a small part of the long-term funds available to Barclays, most of it raised at lower rates. The group will continue to take advantage of opportunities to fund long-term, he said.

The last significant corporate issue in the U.K. domestic market was the £20 million bond launched in 1972 for property company MEPC Ltd, bond market sources said. Since then, high interest rates and the large amount of U.K. government borrowing have discouraged corporate borrowers from tapping this market, they said.

While bemoaning the move as significant, bond managers contacted Wednesday said Barclays' action is unlikely to signal a rush to a market that has been effectively shut for 10 years.

CURRENCY RATES
Interbank exchange rates for Feb. 3, 1982, excluding bank service charges.

	\$	£	D.M.	F.F.	Y.L.	Sw.	S.F.	D.K.
Amsterdam	2.5995	4.804	10.91	43.14	2.083	16.55	6.41	134.26
Brussels	39.50	74.725	17.85	6.944	3.188	21.30	5.21	5.21
Frankfurt	2.325	4.285	10.91	43.14	2.083	16.55	6.41	134.26
London (lb)	1.835	—	—	—	—	—	—	—
Moscow	1.25435	2.24410	55.01	216.17	4.892	74.95	3.228	14.203
New York	1.00	1.00	6.25	6.168	0.776	1.284	0.029	0.027
Paris	5.96	11.345	26.43	—	4.755	22.02	14.91	37.65
Zurich	1.892	3.522	10.34	31.95	6.152	75.45	4.757	24.5
ECU	1.675	3.587	2.484	4.225	1.310	2.493	41.708	1.563

Reagan 'Lukewarm' on Interest Tax

By Jonathan Fuerbringer

New York Times Service

WASHINGTON — Treasury Secretary Donald T. Regan, in a surprise remark, has said that President Reagan is "lukewarm" about his own proposal to have the federal government withhold income tax on dividends and interest.

The remark Tuesday, coming with the secretary's acknowledgment of strong opposition in Congress, could make chances for approval of this proposal even slimmer than they already were.

Without the withholding, which would raise \$2 billion in fiscal 1983 and \$1.3 billion the following year, according to Treasury estimates, the projected budget deficits for those years would grow.

The proposal, which calls for the withholding of 5 percent of the dividend and interest payments made to domestic taxpayers, is one of a collection of tax code changes and loopholes closing that the president has said will be in his budget for the fiscal 1983, which he will submit to Congress next week.

The administration is expected to have trouble getting congressional endorsement for all of its plans to increase tax revenues — proposals that would raise \$31.7 billion in fiscal 1983 and 1984.

That figure compares with the \$24 billion figure released when the president delivered his State of the Union message last week. The new total includes \$20.7 billion in new revenues from selected tax code revisions and \$11 billion

from faster tax collection and enforcement, including the proposal for dividend and interest withholding.

A Treasury official said the new figures were a result of final estimates, not any changes in the proposals announced with the State of the Union address.

Mr. Regan's remarks followed a speech at the National Press Club in which he said the economy "will come roaring back in late spring." He also said that the recent rise in interest rates, including a jump in the prime rate to 16 1/2 percent from 15 1/2 percent at most large banks in the last two days, is "temporary."

The secretary also minimized his recent criticism of the Federal Reserve Board. Tuesday's remarks were his first in several weeks when he did not blame the Fed's management of the money supply for high interest rates.

On the dividend and interest proposal, the secretary said, "The president is to put it mildly, lukewarm on this one." The secretary even acknowledged that he opposed a similar plan in 1978, but he then got a laugh from the audience by adding, "Having said that, am I in favor of it? Yes."

Internal Evaluation
In addition, on an Oct. 31 meeting, Marathon's directors reviewed an evaluation, "based on internally generated data," that derived a net asset value "ranging from \$276 to \$323 per share," the document says.

First Boston submitted a written summary of the U.S. Steel offer, then valued by Marathon at \$106 a share, to the Nov. 18 Marathon meeting at which directors approved the two-step transaction, the proxy material says.

The summary "didn't address the fairness of the U.S. Steel offer, but was considered by Marathon's board in evaluating and accepting such offer and in deciding to recommend it to the Marathon shareholders," the proxy material says.

However, the proxy material states elsewhere that First Boston did give an oral opinion at the Nov. 18 meeting that the terms of U.S. Steel's proposed takeover were fair to Marathon shareholders.

The proxy material took pains to explain the gap between the favorable evaluations and the actual amount the company accepted from U.S. Steel, noting that the various estimates "were not viewed by Marathon's board of directors as being reflective of, and do not represent, per-share values that could realistically be expected to be received by Marathon or its shareholders in a negotiated sale of the company as a going concern or through liquidation of the company's assets," the document says.

Hot Controversy
The disclosure is seen as likely to fuel an already hot controversy about the far lower value of the second stage of U.S. Steel's takeover terms as compared with the first stage. U.S. Steel offered \$125 a share in a tender offer for 30 million Marathon shares. That offer was completed Jan. 7.

The contention that the second-

step merger price is unfairly low is central to most of the half-dozen lawsuits filed against Marathon and U.S. Steel between Dec. 31 and Jan. 19, and summarized in the proxy material.

Marathon discloses in the proxy material that it had its financial adviser, First Boston Corp., prepare "an analysis of the underlying asset value of Marathon based solely on publicly available information." The report, submitted to Marathon's board, said the company's underlying asset value was \$11.07 billion to \$13.25 billion, or \$189 to \$226 a share, the proxy material says.

The proxy material was included in a U.S. Steel registration statement filed with the Securities and Exchange Commission covering the 12 1/2 percent, 12-year senior notes that U.S. Steel proposes to use as payment for the rest of Marathon's stock.

Under terms of the proposed merger, each remaining Marathon share would be swapped for \$100 face amount of the notes.

Marathon observes in the proxy material that, at last Friday, "debt securities of like maturity, having comparable rating to U.S. Steel's current debt rating on existing debt issues are trading at yields of approximately 15 1/2 to 16 percent."

On that basis, the notes would have a current market value of approximately \$81 to \$84 per \$100 principal amount.

However, it adds, "because of the unusual size of this issue and other factors, the market place might value the notes at a somewhat lower level."

When they agreed to the takeover, Marathon directors assumed the notes to be worth \$86 apiece.

Marathon Sold Out Cheaply To U.S. Steel, Studies Show
NEW YORK — Marathon Oil's directors agreed in November to sell the company to U.S. Steel for a price far lower than the value put on the company in both internal and external studies.

And Marathon now expects the financial terms of its proposed merger into the big steelmaker to be somewhat less favorable to shareholders than when the bargain was struck.

These are among the disclosures in Marathon proxy material for the March 11 special meeting called to approve the merger into U.S. Steel, which already holds half of Marathon's stock.

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Kodak Unveils Camera Using New Disk Film

From Agency Dispatches

NEW YORK — Eastman Kodak, in the first major design change since it introduced Instamatic cartridge cameras nearly two decades ago, Wednesday unveiled a new line of motorized compact cameras that use a wafer-thin rotating disk of film.

The three Kodak disk cameras, ranging in price from \$67.95 to \$142.95, contain two integrated electronic circuits which set the proper exposure, activate the built-in flash when necessary, take the picture, automatically advance the disk film to the next frame, and recharge the flash.

The camera, 5 inches (12.5 centimeters) long and 3 inches (7.5 centimeters) wide, is only about 3/4-inch (21-millimeters) thick because of the thinness of the disk and can easily be carried in a shirt pocket.

Powered by lithium cells built to last more than 2,000 exposures, the camera is designed to recycle its electronic flash in just over a second. The top of the line camera can shoot at the rate of three frames per second in bright light.

Kodak Chairman Walter A. Fallon said the new cameras, which will be available in the United States in May, "are the most electronically sophisticated in the company's history and combined with the new film can produce a higher percentage of good to excellent pictures over a dramatically wider range of picture-taking conditions."

"This means that users can take pictures practically as fast as they can press the shutter release indoors or out," said Mr. Fallon.

The company also said it will support the introduction of the new disk cameras and film with the largest advertising campaign in its history.

Kodak also announced it is discontinuing all but three of its present traditional cameras due to the introduction of the cameras. Kodak will continue to sell the Ektralite 110 pocket camera, with a built-in electronic flash, the Ektralite 110 model, and X-15 chemical flash 116 model.

Kodak would not say whether it will take a charge against earnings to discontinue the cameras.

Kodak said the key to the new system is the development of the disk film for use in the small 8-by-10-millimeter format. To permit the smaller size, the new film has lower granularity with more sharpness than current Kodachrome II film, it explained. The 15-exposure disk is contained in a wafer-thin three-by-three inch cartridge. The disks are priced at \$3.19, with a two-disk carton selling for \$5.90.

With the small format came the design of a short focal-length lens that combines a fast — 2.8 f-stop — speed and the depth of field needed for most picture-taking situations with fixed-focus cameras, Kodak said. It described the lens as being "near the theoretical limit of perfection," containing four glass elements.

The announcement drew enthusiastic response on Wall Street. "As expected, Kodak brought out an exceptionally fine camera," said Ty Gonsky, a photo industry analyst at Bache.

Kodak stock climbed 50 cents to \$74.75 shortly after the announcement.

Other analysts said the new line may be priced too high to capture the mass amateur photography market. "I had expected more of a mass market item, but it would have to be priced under \$50 to reach such a wide audience," James Chung, of Merrill Lynch said.

"They have cut off part of the market by pricing the camera at that level," William Relyea, of Paine Webber Mitchell Hutchins, said.

The new Kodak line — which can produce only prints and not slides — is different from the disk camera Sony demonstrated last October for introduction sometime in the next two years. Sony's 50-exposure disk camera does not use photographic film but magnetically records still pictures for instant viewing on home television sets.

Kodak also said a line of photo-finishing equipment will be available to handle the disk film. It ranges from fully automated equipment for high-volume labs to small, manually operated equipment to meet the needs of the smallest lab. Deliveries of new photo-finishing equipment to processors will begin after Feb. 23, Kodak said.

Kodak said its top-of-the-line finishing equipment incorporates a microprocessor and can process about 1,800 frames per hour.

N.Y. Stock Prices Slide; Rates Move Higher

From Agency Dispatches

NEW YORK — Prices on the New York Stock Exchange declined substantially Wednesday amid continuing concerns that the Federal Reserve is tightening monetary policy, which could push interest rates higher.

The Dow Jones industrial average fell 7.52 points to close at 845.02, with most of the decline coming in the afternoon. Declines led advances by around 880 to 550 and volume widened to some 50 million shares from 45.02 million Tuesday.

Analysts attributed the market's weakness to a dip in the bond market and a rise in the closely watched federal funds rate to a high of 17 percent from 15 1/2 percent Tuesday.

The federal funds rate, on overnight loans between banks, is often erratic on Wednesday because it is bank settlement day, but the high level still caused concern among analysts.

Monte Gordon of Dreyfus Corp. also said investors are hesitant to buy into the market until they have some indication of any credit tightening decisions that might have been made at the Federal Reserve's Open Market Committee meeting Tuesday.

The committee does not announce any actions it decides to take, but analysts often read the direction of the fed funds rate as a signal of which direction monetary policy is moving.

Observers were encouraged after the Treasury's three-part refunding got off to a good start Tuesday.

The auction of \$5 billion of notes brought a yield of 14.63 percent, down from the anticipated 14.75. But on Wednesday, rates on federal funds, or interbank loans, ranged up to 16 1/2 percent Wednesday, up from 15 to 15 1/2 percent most of Tuesday.

However, dealers in credit markets remained cautious, concerned about investor acceptance of the remaining two offerings: \$5.5 billion of 10-year notes to be auctioned Wednesday, and \$2.5 billion of 30-year securities to be sold Thursday.

There was speculation the Federal Reserve would report a \$2 billion to \$3 billion drop in the money supply Friday. But skeptics noted experts were looking for such a drop last week, when they got only a \$600 million dip.

In foreign exchange trading, the dollar continued to gain in moderately active morning business, rising above 2.36 Deutsche marks and six French Francs shortly after midday, dealers said.

In corporate news, Greyhound said it has acquired 900,000 of its common shares since November and may buy more.

In Chicago, a federal judge denied Brunswick Corp.'s motion to extend the probation date and withdrawal date of Whitaker Corp.'s tender offer for Brunswick common stock, a court spokeswoman said. The judge on Tuesday denied the motion by Brunswick, which opposes Whitaker's \$320-million takeover bid. Brunswick's share price was higher most of the day on the news.

From Boston, General Cinema said it acquired 2.1 million shares, or about 9.7 percent of

Tables include the nationwide prices up to the closing on Wall Street.

[illegible][illegible]

12 Month	Stock	High	Low	Div.	Yld.	P/E	1998	High	Low	Close	Pr	Out	Chg
38	ARMCO	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
39	ARW	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
40	AT&T	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
41	AVCO	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
42	AXP	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
43	BA	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
44	BAC	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
45	BAX	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
46	BBK	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
47	BBT	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
48	BBW	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
49	BBY	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
50	BBZ	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
51	BBX	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
52	BBY	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
53	BBZ	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
54	BBX	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
55	BBY	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
56	BBZ	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
57	BBX	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
58	BBY	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
59	BBZ	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
60	BBX	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
61	BBY	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
62	BBZ	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
63	BBX	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
64	BBY	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
65	BBZ	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
66	BBX	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
67	BBY	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
68	BBZ	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
69	BBX	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
70	BBY	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
71	BBZ	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
72	BBX	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
73	BBY	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
74	BBZ	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
75	BBX	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
76	BBY	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
77	BBZ	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
78	BBX	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
79	BBY	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
80	BBZ	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
81	BBX	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
82	BBY	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
83	BBZ	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
84	BBX	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
85	BBY	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
86	BBZ	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
87	BBX	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
88	BBY	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
89	BBZ	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
90	BBX	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
91	BBY	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
92	BBZ	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
93	BBX	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
94	BBY	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
95	BBZ	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
96	BBX	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
97	BBY	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
98	BBZ	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
99	BBX	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+
100	BBY	23.50	22.50	1.20	5.1	12.5	17	23.50	22.50	23.00	100	100	+

12 Month High Low Div. in	Yld.	P/E	High Low	Com. Div.	Qtr. Div.
17	17	17	17	17	17
18	18	18	18	18	18
19	19	19	19	19	19
20	20	20	20	20	20
21	21	21	21	21	21
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23	23	23	23	23	23
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2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	
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(Continued on Page 10)

**The world at your
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International Herald Tribune
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مکالمہ اول

\$350 Million Tax Sale Draws Lawmakers' Ire

Offered In Chrysler Bid

Defence Wing Sought By General Dynamics

By Donald Woutar
Los Angeles Times Service

DETROIT — General Dynamics Corp. has offered to pay more than \$350 million for Chrysler Corp.'s defense subsidiary, and well-placed sources said that officials of both companies were hoping to complete the deal in time for Chrysler directors to vote on the transaction Thursday.

Officials of the two companies and the Army met through the weekend and continued talking Tuesday, the sources said. Except for several unspecified questions raised by the Pentagon, "the deal is for all practical purposes consummated," one source said.

Neither Chrysler nor General Dynamics, the largest U.S. defense contractor, would comment. Chrysler has said only that several companies are interested in buying the profitable subsidiary, which builds tanks and equipment.

Chrysler has long resisted the sale of its defense subsidiary, which contributes about \$60 million in pretax earnings annually. The automaker is expected to report later this month a loss for 1981 of more than \$500 million.

The sale of the subsidiary would leave Chrysler with only one asset — its successful Mexican auto business — that does not rely on the troubled U.S. auto market. Earlier, Chrysler sold its car operations in Europe, Latin America and Australia as well as real estate and other interests.

No Immediate Improvement

But the prolonged slump in car and truck sales continues to squeeze Chrysler's cash position, and no significant improvement is expected until late this year.

An infusion of \$350 million would substantially improve Chrysler's cash situation. Chairman Lee A. Iacocca has said that the sale of the defense unit would be less distasteful than another request for federal loan guarantees, which would invite negative publicity and force the company to take on a still heavier debt burden.

A Chrysler spokesman said that the sale of the unit would provide Chrysler with a cushion, but that there is no emergency. Sources close to the federal Chrysler Loan Guarantee Board, which oversees government-backed lending to the automaker, agree that it is "not a fire-sale deal."

Chrysler has been juggling its finances in recent weeks, negotiating a third deferral of pension fund payments for union employees but paying off the last of its non guaranteed bank debt six weeks ahead of schedule.

The loan board "wouldn't have let them pay off the banks early if they were really pinching pennies," a government source said of Monday's \$47 million payment, which retired the last of \$1.3 billion in bank debt at a rate of 15 cents on the dollar.

Chrysler's defense unit builds tanks and components in government-owned facilities in Michigan, Ohio and Pennsylvania, and has 7,000 employees. The defense subsidiary's value lies in Chrysler's contract to build the old M-60 and new M-1 battle tanks.

By Thomas B. Edsall
Washington Post Service

WASHINGTON — Congressional opposition to the controversial corporate tax sale provisions of the 1981 Economic Recovery Tax Act — a section denounced as corporate welfare by critics — is mounting.

In the Senate, 18 sponsors and

Eastern Bloc Pays Premium On New Debt

By David Keefe
Reuters

LONDON — The Soviet Union and its Eastern bloc allies are hungry for cash but are finding borrowing money from Western banks more expensive following the military takeover in Poland, international banking sources said Wednesday.

In recent weeks Moscow has had to pay a premium of up to one-eighth of a percentage point above normal loan charges when it bids to borrow money in the inter-bank market as Western banks become increasingly cautious in their dealings with Eastern bloc banks generally, they said.

The military takeover in Poland, with its adverse effect on East-West relations, is a background factor in the cautious attitude adopted by Western banks, the sources said.

But in essence, the response of banks in the West has been based on commercial considerations. They believe the Soviet Union badly needs short-term cash and is rumored to be seeking more credits, in addition to a series of apparently unprioritized recent Euro-market borrowings.

Although most of the Eastern bloc's borrowing has been done by Moscow's ally, the Soviet Union, its shortage of foreign currency has been made worse by the need to grant financial aid to bolster the deeply troubled economies of Poland and Romania.

The clues also include the recent spate of Soviet sales of gold and oil products when both these markets have been weak. According to bullion dealers, the Soviet Union sold an estimated 300 tons of gold last year, apparently to raise foreign currency to pay for grain imports after three bad harvests.

The Soviet Union is also believed to be selling oil products to help raise hard currency for the ailing economy of Poland, which owes \$28 billion to the West. Traders attribute the fall of some oil product prices, such as for gasoline used for heating, in the Rotterdam and London markets to Soviet sales.

The banking sources said that while the premium on short-term loans was an adverse market judgment, the Soviet Union's present creditworthiness, this was not the first time in history that the Eastern bloc had had to pay additional charges to borrow money.

In the 1950s and 1960s, before these countries established financial relationships with Western banks, they were charged premiums on the rates given to prime borrowers.

Although banks treat with extreme reserve requests from Poland and Romania, the two Eastern bloc countries with major debt problems, they still rate Hungary a prime borrower.

co-sponsors — including two from the Finance Committee — have introduced five separate bills repealing the section of the law allowing corporate tax sales through paper transactions called "leases."

In the House, there are eight separate bills with 37 backers. The bills all would end the transactions, which are expected to cost the Treasury at least \$27 billion through 1986.

The mood of Congress was reflected earlier this week when Sen. Robert Dole, Republican of Kansas, chairman of the Finance Committee, told a group of lobbyists: "If any of you are going to take advantage of that [corporate tax sales through leases], you better hurry."

Similarly, Sen. Bob Packwood, Republican of Oregon, the second ranking Republican on the panel, told the same group: "If you see several years of corporations paying no taxes, then you'll see something bordering on revolt... It's imperative that everyone, including corporations, pay some taxes."

Significant Backing

The bills that have drawn the most backing have been introduced by Sen. Claiborne Pell, a Rhode Island Democrat, who has 13 cosponsors, and by Republican Rep. Jim Leach of Iowa, who has 25 cosponsors.

At the same time, members of Congress and their aides report that lobbyists representing key industries benefiting from the provisions have started work to quiet the drive for repeal. "Let's just say we are active," said Charles E. Walker, a lobbyist representing the airline, steel, automobile and other weak industries.

In private, a number of the lobbyists acknowledge that modification of the legislation is likely. With almost no consideration by Congress, the leasing provisions were slipped into the administration's bill last summer. Since its enactment last August, however, disclosure of a number of tax-sale deals benefiting highly profitable companies has resulted in growing opposition.

The deal that sparked the most protest was the announcement that Occidental Petroleum, a firm with earnings of \$710.8 million in 1980, "sold" just under \$30 million in tax breaks to a New York insurance and investment company. Occidental has paid no federal in-

come tax for the past three years because of other sections of the tax code, and consequently could not use the tax breaks itself.

When proposed, the tax sale provision was supposed to benefit beleaguered firms, such as Chrysler and International Harvester, along with new companies that have not started to earn profits and consequently have no taxes against which to write off investment credits and deductions.

"The example of Occidental Petroleum is one of the most shocking," one lawmaker said. "Here was a case of a booming corporation which owed no taxes because it already received many tax breaks such as credits from overseas operations in the Soviet Union, Libya and elsewhere."

Economic Logic

While the leasing provisions have provoked sharp attacks from both liberals and conservatives, criticism from members of the two congressional tax-writing committees, reformers and business tax experts has been far more muted.

In these quarters, the much more commonly held view is that tax sales under the leasing provisions have a certain economic logic within the context of the passage of the massive business tax cuts provided under the new depreciation schedule known as "10-5-3."

The lines of this argument are that 10-5-3 (for the shortened number of years used for depreciation schedules) provided such a major tax benefit to profitable companies — particularly capital-intensive firms — that tax "sales" are one way to spread the benefits around and prevent tax-induced distortions of the marketplace.

Under this thinking, the tax bill without "leasing" would mean that the cost of a new investment for a profitable company would effectively be far less than for a firm running in the red. This occurs because the profitable firm would be able to reduce the cost of the investment by taking depreciation and investment credits to lower tax liability, while the poor firm owes no taxes and has no way to use depreciation and credits.

In this context, congressional aides and lobbyists are exploring a number of ways to modify the leasing provisions with two goals in mind: to end tax sales by profitable companies and to lower the expected losses to the Treasury.

SAS Sets New Ground Rules To Challenge Competition

(Continued from Page 7)

very areas where it was most visible to passengers.

A number of unprofitable routes were dropped off the schedule, 10 airplanes sold, and the administration of the airline completely reorganized and scaled down.

Mr. Cardon also instituted a drive to improve the punctuality of remaining flights, and installed a computer terminal next to his desk so he could monitor the results hour by hour. Finally, he set up a program under which 6,000 employees will spend two days each with an expert learning how to deal better with customers.

It is too early to tell if his efforts are paying off, but the transport association figures on the all-important load factor indicate the airline has been showing improvement. In 1978-79, the company's load factor was 56 percent; in 1979-80, 56.9 percent, and in 1980-81, 57.8 percent.

The goal for this year is a profit of \$1.8 million for the airline and \$18 million for the overall corporation, and officials report so far budget targets are being met. Half of the \$35 million Mr. Cardon hopes to trim from costs in 1982 has already been realized.

But the attempted revitalization has not been accomplished without causing irritation, not only among some employees but also among competing airlines that consider SAS's tactics unfair.

Belgian Officials to Visit U.S.

The Associated Press
BRUSSELS — Premier Wilfried Martens and Foreign Minister Leo Tindemans will visit the United States Feb. 16-19 for talks with President Reagan and other officials, a government spokesman said Wednesday.

ish carrier that handles SAS passengers in Madrid, tried to sabotage the special boarding system by tearing up boarding passes, and Air France has protested bitterly — threatening to block SAS landings in Paris — about the low fares that are undercutting its own premium business class.

Now Issue

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February 4, 1982

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COMPANY REPORTS

Revenue, Profits in Millions. In local currencies, unless otherwise indicated

Signal Companies			
Year	1981	1980	1979
Revenue	1,300	1,240	1,240
Profits	52.1	51.1	51.1
Per Share	0.72	0.70	0.70
Year	1981	1980	1979
Revenue	5,340	4,790	4,790
Profits	214.0	191.2	191.2
Per Share	2.95	2.63	2.63

Southern Co.			
Year	1981	1980	1979
Revenue	1,210	1,210	1,210
Profits	16.1	16.1	16.1
Per Share	0.36	0.36	0.36
Year	1981	1980	1979
Revenue	4,250	3,760	3,760
Profits	323.9	344.4	344.4
Per Share	1.81	2.23	2.23

Standard Brands Patents			
Year	1981	1980	1979
Revenue	54.1	52.1	52.1
Profits	2.79	3.72	3.72
Per Share	0.52	0.69	0.69

Standard Brands Patents			
Year	1981	1980	1979
Revenue	922.6	807.8	807.8
Profits	86.2	64.8	64.8
Per Share	0.54	0.46	0.46

Walker (Hiram) Resource			
Year	1981	1980	1979
Revenue	922.6	807.8	807.8
Profits	86.2	64.8	64.8
Per Share	0.54	0.46	0.46

Pechiney Ugine Kuhlmann			
Year	1981	1980	1979
Revenue	137.0	137.0	137.0
Profits	137.0	137.0	137.0

United States			
Year	1981	1980	1979
Revenue	4,840	4,810	4,810
Profits	76.7	86.7	86.7
Per Share	3.77	4.26	4.26

Avera Products			
Year	1981	1980	1979
Revenue	827.7	867.4	867.4
Profits	80.4	105.9	105.9
Per Share	1.34	1.76	1.76
Year	1981	1980	1979
Revenue	2,610	2,570	2,570
Profits	219.9	242.1	242.1
Per Share	3.46	4.02	4.02

Great Northern Nekosso			
Year	1981	1980	1979
Revenue	365.2	344.9	344.9
Profits	24.0	23.5	23.5
Per Share	1.48	1.45	1.45
Year	1981	1980	1979
Revenue	1,470	1,370	1,370
Profits	95.0	92.7	92.7
Per Share	5.85	6.15	6.15

IC Industries			
Year	1981	1980	1979
Revenue	1,090	1,120	1,120
Profits	44.8	44.8	44.8
Per Share	2.33	2.40	2.40
Year	1981	1980	1979
Revenue	4,190	4,140	4,140
Profits	134.4	126.7	126.7
Per Share	6.65	6.02	6.02

Lockheed			
Year	1981	1980	1979
Revenue	1,524	1,247	1,247
Profits	51.5	48.4	48.4
Net	105,000.50	25.8	25.8
Per Share	3.03	3.32	3.32
Year	1981	1980	1979
Revenue	5,175	4,445	4,445
Profits	154.7	125.3	125.3
Net	105,000.50	27.4	27.4
Per Share	9.27	8.67	8.67

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on February 1, 1982: U.S. \$89.12
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This announcement appears as a matter of record only.

January 1982

AMEX Nationwide Trading Closing Prices Feb. 3

Tables include the nationwide prices up to the closing on Wall Street

[illegible][illegible]

Prices	Feb.	May	Aug.
390	3.50-4.50	31.80-23.80	— — —
410	1.25-2.50	14.00-14.00	30.00-33.00
430	0.50-1.00	9.00-11.00	23.00-26.00
450	0.25-0.50	6.00-8.00	19.00-22.00
470	0.10-0.25	4.00-6.00	12.00-15.00

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Admitting January was usually a weak month for exports, a Finance Ministry spokesman did not deny that the latest figures marked a significant switch in Japan's recent pattern of strong exports. He attributed the decline to the general recession in the United States and Europe, Japan's self-restraint over auto exports, and overall tough competition from the developing countries.

Letters of credit for the United States showed a marginal increase of 2 percent, while those for Europe decreased by 22 percent, according to the spokesman.

Eurocurrency Interest Rates

Bank	1M	3M	6M	12M	15M	18M	24M	36M	48M	60M	72M	84M	96M	108M	120M	132M	144M	156M	168M	180M	192M	204M	216M	228M	240M	252M	264M	276M	288M	300M	312M	324M	336M	348M	360M	372M	384M	396M	408M	420M	432M	444M	456M	468M	480M	492M	504M	516M	528M	540M	552M	564M	576M	588M	600M	612M	624M	636M	648M	660M	672M	684M	696M	708M	720M	732M	744M	756M	768M	780M	792M	804M	816M	828M	840M	852M	864M	876M	888M	900M	912M	924M	936M	948M	960M	972M	984M	996M	1008M	1020M	1032M	1044M	1056M	1068M	1080M	1092M	1104M	1116M	1128M	1140M	1152M	1164M	1176M	1188M	1200M	1212M	1224M	1236M	1248M	1260M	1272M	1284M	1296M	1308M	1320M	1332M	1344M	1356M	1368M	1380M	1392M	1404M	1416M	1428M	1440M	1452M	1464M	1476M	1488M	1500M	1512M	1524M	1536M	1548M	1560M	1572M	1584M	1596M	1608M	1620M	1632M	1644M	1656M	1668M	1680M	1692M	1704M	1716M	1728M	1740M	1752M	1764M	1776M	1788M	1800M	1812M	1824M	1836M	1848M	1860M	1872M	1884M	1896M	1908M	1920M	1932M	1944M	1956M	1968M	1980M	1992M	2004M	2016M	2028M	2040M	2052M	2064M	2076M	2088M	2100M	2112M	2124M	2136M	2148M	2160M	2172M	2184M	2196M	2208M	2220M	2232M	2244M	2256M	2268M	2280M	2292M	2304M	2316M	2328M	2340M	2352M	2364M	2376M	2388M	2400M	2412M	2424M	2436M	2448M	2460M	2472M	2484M	2496M	2508M	2520M	2532M	2544M	2556M	2568M	2580M	2592M	2604M	2616M	2628M	2640M	2652M	2664M	2676M	2688M	2700M	2712M	2724M	2736M	2748M	2760M	2772M	2784M	2796M	2808M	2820M	2832M	2844M	2856M	2868M	2880M	2892M	2904M	2916M	2928M	2940M	2952M	2964M	2976M	2988M	3000M	3012M	3024M	3036M	3048M	3060M	3072M	3084M	3096M	3108M	3120M	3132M	3144M	3156M	3168M	3180M	3192M	3204M	3216M	3228M	3240M	3252M	3264M	3276M	3288M	3300M	3312M	3324M	3336M	3348M	3360M	3372M	3384M	3396M	3408M	3420M	3432M	3444M	3456M	3468M	3480M	3492M	3504M	3516M	3528M	3540M	3552M	3564M	3576M	3588M	3600M	3612M	3624M	3636M	3648M	3660M	3672M	3684M	3696M	3708M	3720M	3732M	3744M	3756M	3768M	3780M	3792M	3804M	3816M	3828M	3840M	3852M	3864M	3876M	3888M	3900M	3912M	3924M	3936M	3948M	3960M	3972M	3984M	3996M	4008M	4020M	4032M	4044M	4056M	4068M	4080M	4092M	4104M	4116M	4128M	4140M	4152M	4164M	4176M	4188M	4200M	4212M	4224M	4236M	4248M	4260M	4272M	4284M	4296M	4308M	4320M	4332M	4344M	4356M	4368M	4380M	4392M	4404M	4416M	4428M	4440M	4452M	4464M	4476M	4488M	4500M	4512M	4524M	4536M	4548M	4560M	4572M	4584M	4596M	4608M	4620M	4632M	4644M	4656M	4668M	4680M	4692M	4704M	4716M	4728M	4740M	4752M	4764M	4776M	4788M	4800M	4812M	4824M	4836M	4848M	4860M	4872M	4884M	4896M	4908M	4920M	4932M	4944M	4956M	4968M	4980M	4992M	5004M	5016M	5028M	5040M	5052M	5064M	5076M	5088M	5100M	5112M	5124M	5136M	5148M	5160M	5172M	5184M	5196M	5208M	5220M	5232M	5244M	5256M	5268M	5280M	5292M	5304M	5316M	5328M	5340M	5352M	5364M	5376M	5388M	5400M	5412M	5424M	5436M	5448M	5460M	5472M	5484M	5496M	5508M	5520M	5532M	5544M	5556M	5568M	5580M	5592M	5604M	5616M	5628M	5640M	5652M	5664M	5676M	5688M	5700M	5712M	5724M	5736M	5748M	5760M	5772M	5784M	5796M	5808M	5820M	5832M	5844M	5856M	5868M	5880M	5892M	5904M	5916M	5928M	5940M	5952M	5964M	5976M	5988M	6000M	6012M	6024M	6036M	6048M	6060M	6072M	6084M	6096M	6108M	6120M	6132M	6144M	6156M	6168M	6180M	6192M	6204M	6216M	6228M	6240M	6252M	6264M	6276M	6288M	6300M	6312M	6324M	6336M	6348M	6360M	6372M	6384M	6396M	6408M	6420M	6432M	6444M	6456M	6468M	6480M	6492M	6504M	6516M	6528M	6540M	6552M	6564M	6576M	6588M	6600M	6612M	6624M	6636M	6648M	6660M	6672M	6684M	6696M	6708M	6720M	6732M	6744M	6756M	6768M	6780M	6792M	6804M	6816M	6828M	6840M	6852M	6864M	6876M	6888M	6900M	6912M	6924M	6936M	6948M	6960M	6972M	6984M	6996M	7008M	7020M	7032M	7044M	7056M	7068M	7080M	7092M	7104M	7116M	7128M	7140M	7152M	7164M	7176M	7188M	7200M	7212M	7224M	7236M	7248M	7260M	7272M	7284M	7296M	7308M	7320M	7332M	7344M	7356M	7368M	7380M	7392M	7404M	7416M	7428M	7440M	7452M	7464M	7476M	7488M	7500M	7512M	7524M	7536M	7548M	7560M	7572M	7584M	7596M	7608M	7620M	7632M	7644M	7656M	7668M	7680M	7692M	7704M	7716M	7728M	7740M	7752M	7764M	7776M	7788M	7800M	7812M	7824M	7836M	7848M	7860M	7872M	7884M	7896M	7908M	7920M	7932M	7944M	7956M	7968M	7980M	7992M	8004M	8016M	8028M	8040M	8052M	8064M	8076M	8088M	8100M	8112M	8124M	8136M	8148M	8160M	8172M	8184M	8196M	8208M	8220M	8232M	8244M	8256M	8268M	8280M	8292M	8304M	8316M	8328M	8340M	8352M	8364M	8376M	8388M	8400M	8412M	8424M	8436M	8448M	8460M	8472M	8484M	8496M	8508M	8520M	8532M	8544M	8556M	8568M	8580M	8592M	8604M	8616M	8628M	8640M	8652M	8664M	8676M	8688M	8700M	8712M	8724M	8736M	8748M	8760M	8772M	8784M	8796M	8808M	8820M	8832M	8844M	8856M	8868M	8880M	8892M	8904M	8916M	8928M	8940M	8952M	8964M	8976M	8988M	9000M	9012M	9024M	9036M	9048M	9060M	9072M	9084M	9096M	9108M	9120M	9132M	9144M	9156M	9168M	9180M	9192M	9204M	9216M	9228M	9240M	9252M	9264M	9276M	9288M	9300M	9312M	9324M	9336M	9348M	9360M	9372M	9384M	9396M	9408M	9420M	9432M	9444M	9456M	9468M	9480M	9492M	9504M	9516M	9528M	9540M	9552M	9564M	9576M	9588M	9600M	9612M	9624M	9636M	9648M	9660M	9672M	9684M	9696M	9708M	9720M	9732M	9744M	9756M	9768M	9780M	9792M	9804M	9816M	9828M	9840M	9852M	9864M	9876M	9888M	9900M	9912M	9924M	9936M	9948M	9960M	9972M	9984M	9996M	10008M	10020M	10032M	10044M	10056M	10068M	10080M	10092M	10104M	10116M	1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Steve Mahre, After His Brother Falls, Beats Stenmark for Giant Slalom Title

By Nick Stout

SCHLADMING, Austria — Until Wednesday, Steve Mahre had never won a world-class giant slalom race. That his capability should be demonstrated in the World Alpine Skiing Championships — in which the defending world champion was eager for victory to the point of obsession — left the director of the American ski team clambering over the fence at the finish and shouting his exuberance but not entirely inappropriate summation: "Awesome... Awesome."

Ingenieur Stenmark was a shaker runner-up. Stenmark had been training all winter especially for this and for next Sunday's slalom race, and had said he would rather fall out of the race than relinquish this title by finishing in second place. He was expecting the stiffest competition to come from Phil Mahre, the more accomplished of the 24-year-old twins, not from Steve.

"He was a surprise for me," Stenmark said quietly after the race. But Phil Mahre's chances ended early, when he caught an inside edge while leaning the wrong way just moments out of the starting gate.

Boris Strel of Yugoslavia earned the bronze medal. He clocked the best time in the afternoon leg of the two-run event and moved from seventh to third place.

Steve Mahre's victory gave the American team its third medal of the championships after three events, Christine Cooper having won a bronze and a silver for the women.

While Phil Mahre and Bill Kidd have in previous years won gold medals in combined events, no American had finished first at a regular men's event in world championship competition.

"I'm totally ecstatic," Steve Mahre said. "But I was disappointed about Phil. After my finish in the first run I thought we had a chance for a one-two day."

Steve Mahre was able to win the race by clocking the best time in the morning leg and building an advantage of 137 seconds over Stenmark, who was fifth. Stenmark was second to Strel in the afternoon, but he was not able to close the gap between him and Mahre, and the American won by 51 hundredths of a second.

"I skied well here last year," said Mahre, whose three victories in seven World Cup seasons have all been in slalom races. "So I felt that if I was going to ski well, this would be the hill. I really liked the way the first run was set. It was kind of in between slalom and giant slalom. Slalom is my specialty and I just concentrated in the gates. It paid off in the first run. And in the second run I had a really solid run and it was enough to keep me ahead."

Since the top five finishers in the morning start the second run in reverse order, Stenmark led off the afternoon. But before he went back up the hill he broke with his back and changed his skis. The edges on the first pair had been too thin to cope with the hard course, he explained. Later, Stenmark said he knew he had lost even before Steve Mahre made his final descent.

"In the middle part of the first run I was skiing too far away from the poles," Stenmark said, explaining that this was because of the inadequate edges. "In the second run I was not too good at the beginning but after 15 or 20 gates I was skiing better."

There are at least two reasons why Mahre's winning performance inspired so much awe in Bill Marolt, the U.S. Alpine program director. First was Mahre's relatively poor record in giant slalom compared with his results in slalom. His best giant slalom result on the World Cup tour this year had been eighth.

Stenmark, on the other hand, has won 35 giant slalom races in eight years on the World Cup tour, in addition to the world championship race in 1978 and the Olympic giant slalom in 1980. Mahre's victory was surprising also because he had operations on both knees during the Christmas break.

He had injured his left knee at a race in Val d'Isere, France. "We cut some bands to make the knee-cup line up better and took some lining out of the joint," said Dr. Richard Steadman, the American team physician. Since the right knee had continually been painful and swollen after training, Dr. Steadman said, a part of the cartilage was removed.

As in most of their races, the Mahres were busy briefing each other on the course by walkie-talkie. First Steve shouted instructions to Phil; then Phil, out of the race, watched on television as Stenmark made his afternoon run, and he passed his advice to Steve.

"He told me to go a little bit

rounder, but to the pole, and get off the edges quickly," Steve Mahre said.

Stenmark met the press, then was said to have left town to train in West Germany until the slalom race on Sunday. He is clearly worried because the Mahre brothers are much more accomplished in slalom than in giant slalom.

Asked if he was surprised that Steve Mahre was able to recuperate so handily from his double knee surgery, Steadman replied: "Not at all. I told him after the operation that those were gold-medal knees."

MAHRE'S GIANT SLALOM
1. Steve Mahre, United States, 2:38.21
2. Ingemar Stenmark, Austria, 2:39.21
3. Boris Strel, Yugoslavia, 2:39.41
4. Josef Gassner, Switzerland, 2:39.41
5. Bruno Hoeschler, Italy, 2:40.01
6. Hans Eder, Austria, 2:40.01
7. Stefan Kriegl, Yugoslavia, 2:40.01
8. Jean-Luc Fourier, Switzerland, 2:40.19
9. Alois Hingl, France, 2:40.21
10. Hubert Strutz, Austria, 2:41.28
11. Jorle Holmen, Norway, 2:41.30
12. Tordjon Jacobsen, Sweden, 2:41.35
13. Max Julien, Switzerland, 2:41.51
14. John Franko, Yugoslavia, 2:42.07
15. Christian Ortner, Austria, 2:42.07

He told me to go a little bit

Boxers Don't Always Know Best

By George Vecsey

New York Times Service

NEW YORK — In the coal mines deep under the Appalachian hills, the miners were convinced that the owners would trade health for profits any time. But when the government came around to ban smoking in the mines, or suggested cloth curtains to keep coal dust from spreading, the miners bristled at that, too. No outsider was going to tell them how to do their business, buddy. The miners knew best.

It all sounded painfully familiar the other day when a group of boxers refused to wear the new thumbless gloves that have been mandated by the New York State Boxing Commission. The revolt canceled one card at the Felt Forum last Friday night and jeopardized other cards.

In many ways, boxers are just like coal miners: they perform a dangerous job, they survive on their own courage and wit, and they have historic reason to mistrust everybody around them. But the bravery induces an isolation that can be just as dangerous as a shaky roof or a pinch in the brain.

The main observation by the board concerns the boxer's lack of general information, both about the risks involved in boxing and about existing regulations, says a recent report by Quebec's Board for Safety in Sport, the most informed study of boxing to come across this desk.

The two top officials of the Quebec board, Gilles E. Neron and Arthur Lessard, have cited "the boxer's ignorance of the consequences in store for them" from a statement by Trevor Berbick at a Canadian inquiry in Halifax, Nova Scotia. Berbick said: "After the fight, I felt I could start all over. As any doctor knows, a KO really does no harm; it puts you to sleep."

Both Quebec and New York state are trying to protect boxers from themselves and the people who exploit them. A year ago, the New York chairman, Jack Frenerville, seemed to be waffling about having ambulances present at every boxing match. After strong criticism from many sources, Frenerville accepted the trade-off: higher costs for a faster ride to the hospital.

New York and Quebec are co-operating by trading information about safety standards; they issue identical passports to all boxers, and are being linked by computer. No boxer can be knocked out in New York and slip over the border for a quick payday in Quebec until his health is certified.

The state and the province have been forced to take these steps because nobody noticed that Willie



Steve Mahre, foreground, smiled brightly as he stood next to Ingemar Stenmark after winning the giant slalom Wednesday.

Classen had taken a severe beating in London six weeks before his fatal bout in Madison Square Garden in 1979, and nobody knew of the beating Cleveland Denny had taken against a heavier sparring partner days before his fatal bout in Montreal in 1980.

As part of its research in the wake of the Denny tragedy, Quebec discovered that various makes of boxing gloves had vastly different shapes, even if their weights were the same. Some gloves were hard and flat at the point of impact, like hammers, others were

"All they need is the right elastic in their trunks," Frenerville said dryly.

Perhaps the key boxer in the revolution has been Hector Camacho, an undefeated 19-year-old light-weight from New York City, who refused to fight last Friday. His manager, Bill Giles, explained why.

"These gloves are very bad for the hands," Giles says. "You're trading hand injuries for eye injuries. We don't feel the state should experiment with a man who's going to be a champion. We don't want to tell Hector, 'You could be a champ except for a thumbless glove.'"

"You don't change certain things in sports. A basketball is always going to be round. You don't take the home run out of baseball. With these new padded gloves, you take away the knockout from a boxer."

Giles argues that the thumbless glove is not used in Michigan, home of the Wayne State study, nor is it used in Las Vegas or New Jersey, other major boxing centers. He claims that New York "has so many detached retinas because they let people fight who shouldn't."

John Condon, who runs boxing at Madison Square Garden, says: "We're on record that the principle is good, but I am not a boxer. Only a boxer is an expert in this field. It's just like baseball when they started using batting helmets. It took a long time before players got used to it."

Condon is right that several years elapsed between the time Branch Rickey ordered helmets for his Pittsburgh Pirates in the early 1950s and the mandatory use of the helmets. Some longtime players in the National Hockey League still have the option of playing bareheaded, which only indicates a lack of conviction in top management in that league.

American miners are still working without the masks that are saving the lungs of European miners. They have reason to distrust everybody around them, as do boxers. But one of the standards of a civilized society is the protection of its people.

Frenerville shouldn't wait to enforce the new rule until all boxers are begging him for thumbless gloves. In boxing, as in mining and other dangerous occupations, being brave is not the same thing as being informed.

California Legislation
SACRAMENTO (AP) — A bill was introduced Tuesday in the California Legislature to require thumbless boxing gloves in all professional and amateur boxing and sparring matches.

"I don't think we can ever make boxing completely safe, but there are measures we can take," said the bill's sponsor, State Sen. Joseph Montoya, a Democrat.

Olympic Housing Plan Causes Some Concern

By Neil Arndur

New York Times Service

LOS ANGELES — The decision to house Olympic athletes at two large local universities for the 1984 Los Angeles Games instead of at one self-contained village has drawn expressions of concern from members of the international Olympic committee's executive board.

"I think it's not the best solution," Vitaly Smirnov of the Soviet Union, the first vice president of the committee, said Tuesday of the two-village concept.

"It's bound to inconvenience the larger countries," said Masaji Kiyokawa of Japan, the second vice president, who joined Smirnov and four other members of the nine-man board on a daylong tour of facilities and housing. "When the village is split into two, it's going to create problems of managing them and transporting them. When people are together, there's a lot more companionship and closeness. When they're split into two, you can have problems."

Alexandra Sipos of Romania said problems could develop "when they decide which countries want to stay in the best place."

Smirnov and the others are here for the executive board's meetings with the organizing committee and international sports federations. They made their comments while touring Hedrick Hall on the campus of the University of California, Los Angeles. Under current plans by the Los Angeles Olympic Organizing Committee, UCLA will house 4,000 athletes, and the University of Southern California, 16 miles (26 kilometers) away, will handle 5,000.

Plans for a third village for athletes in rotating and canoeing at the University of Santa Barbara, 90 miles northwest of Los Angeles, have not been completed. In the past, the only athletes who lived outside of the Olympic village were yachtsmen. Yachting often is held at a site other than the host city.

"It's not a big problem," Smirnov said, talking as he inspected a sixth-floor room. "It's its most convenient the other way. It's a problem of communication and hard to organize."

Peter Ueberroth, the president of the Los Angeles committee, de-

fended the two-village concept as practical from a financial and security viewpoint.

Ueberroth said that "most of the athletes who come here come to compete." The facilities, dormitories and other services at UCLA and USC, he said, will surpass the single villages built for previous Olympics.

"I'm not too concerned," said Lance Cross of New Zealand, a board member on the tour. "The important thing is that millions won't be spent on something that won't be used afterward." The committee would prefer one village, he said, but "under the circumstances, we have nothing to complain about."

Connors, Official Both Eliminated In Toronto Event

United Press International

TORONTO — In a match in which an official made the rude gesture for a change, Peter McNamara beat Jimmy Connors, 6-3, 6-4, in the opening round of the Canadian Challenge tennis tournament Tuesday night.

In the fourth game of the second set, a line judge, Ruth Carrier, was removed by the match umpire, George Ruestheff, after several disputed calls. She gestured with an upraised pinky at the players and the umpire before leaving.

"I don't know what right she thought she had in making rude gestures," McNamara said. "She had made three very serious mistakes."

In other matches, Ivan Lendl beat Bjorn Borg, 6-2, 6-3, and Vitas Gerulaitis defeated Adriano Panatta, 6-2, 6-4. The No. 1 seed, John McEnroe, was to begin play Wednesday in the eight-man event.

Gene Mayer Is Upset

DENVER (AP) — Phil Dent, an unseeded Australian, upset Gene Mayer, the No. 2 seed and two-time defending champion, with a 6-3, 7-5 first-round victory in a Grand Prix tennis tournament here Tuesday.

Suspension for Connors

NEW YORK (UPI) — Jimmy Connors has been suspended from Grand Prix tennis events for 21 days because his fines over the past 12 months exceed \$5,000, the American Professional Tennis Council has announced. Connors said he would not appeal because he was not planning to compete in Grand Prix tournaments in the next three weeks.

NHL Standings

WALDES CONFERENCE

Patrick Division

Team	W	L	T	GF	GA	Pts
NY Islanders	21	12	4	223	145	46
Philadelphia	20	19	4	207	194	40
NY Rangers	20	20	2	172	202	38
Pittsburgh	21	22	4	241	220	39
Washington	14	30	8	194	218	24

Adams Division

Team	W	L	T	GF	GA	Pts
Montreal	24	12	2	230	158	47
Buffalo	19	22	3	205	157	40
Quebec	19	24	7	211	180	40
Hartford	15	24	13	174	217	33

Campbell Conference

Norris Division

Team	W	L	T	GF	GA	Pts
Minnesota	21	14	3	220	185	45
St. Louis	22	24	4	214	214	44
Winnipeg	24	24	2	212	224	46
Toronto	14	24	12	214	245	34
Chicago	17	25	10	223	240	34
Detroit	14	28	10	177	226	28

Smythe Division

Team	W	L	T	GF	GA	Pts
Edmonton	22	12	2	207	174	46
Calgary	19	22	3	209	224	40
Vancouver	17	22	11	183	191	40
Los Angeles	14	28	11	210	258	35
Colorado	11	25	13	158	248	28

Tuesday's Results

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